2019 HOUSE APPROPRIATIONS

HB 1003

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee - Education and Environment Division
Roughrider Room, State Capitol

HB 1003
1/15/2019
30783

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Parker Oswald

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota university system; to amend and reenact section 54-44.1-11 of the North Dakota Century Code, relating to the cancellation of unexpended appropriations; and to provide for a transfer.

Minutes: Attachments 1-4

Chairman Representative David Monson: Opens meeting and attendance is taken.

(1:20) Don Morton: Chair of the State Board of Higher Education. Introduced self to committee and thanks them for having the Board of Higher Education. Begins to read written testimony from **page 1 of attachment 1**.

(7:40) Vice Chairman Representative Jim Schmidt: You mentioned a 4% increase, is that a 2% and 2% or 4% right away?

Mr. Morton: It is a 4% and 4% for the next two years.

Chairman Representative David Monson: I am confused by the education desert comment. We have a lot of institutes, what do they say about a place like Texas?

(8:45) Mark Hagerott: North Dakota is one of the most stressed state distance wise. A place like Dickinson has to travel to Bismarck or all the way east to take something like a welding class. Alaska and North Dakota are the most stressed.

(10:20) Representative Mark Sanford: We actually have 23 colleges including Tribal, Private and across the border in Minnesota even. The Board's strategy that you have outlined requires some nimbleness, so I am assuming you are using your constitutional powers to pull it off. It seems to be working and have the capacity to pull it off.

Mr. Morton: Education desert is a controversial title and I think we are doing a good job.

(12:10) Mark Hagerott: Introduces self to the committee and explains that he will not present from his written testimony on **page 6 of attachment 1** and begins to present from the slides on **page 8 of attachment 1**.

Mr. Hagerott: There are Universities that are receiving a billion dollars in endowment to help convert and keep up with the digital revolution. Continues on **page 11 of attachment 1**.

(17:25) Mr. Hagerott: We actually just lost one of our higher up technology employees to another state because of our fluctuating commodity based economy with high layoffs due to an uncertain future, which makes it hard to retain long term employees in order to build a program. Continues presenting on **page 12 of attachment 1**.

(19:15) Representative Mike Nathe: What exactly are you doing to secure the data within the system?

Mr. Hagerott: Universities are becoming next to banking for most attacked institutes. Just like banks, many people are financially involved in higher education with a wealth of personal information as well. Larger schools are spending hundreds of millions of dollars on security and even the smaller, more vulnerable schools are working hard.

Representative Mike Nathe: Are you comfortable with the security we have?

Mr. Hagerott: We changed the policy where each institution is responsible for their own. We held the first round table in the country to discuss all of this and cooperate. We are doing everything we can do as fast as we can.

(22:10) Representative Mike Nathe: Do you get attacked monthly?

Mr. Hagerott: Yes, they are being attacked very often. Now we went to a 2-factor authorization, which requires a second device for a secured login. Returns to **page 12 of attachment 1.**

(24:15) Chairman Representative David Monson: Have we changed in the spot at 47th?

Mr. Hagerott: We have stayed very consistent. We have been looking to add schools in many different towns to make this more accessible.

Chairman Representative David Monson: I asked because we might see some lowering of that because our ancestors pushed for many younger people to go to college and now many people are taking a college education for granted.

(25:50) Representative Tracy Boe: I see we are tracking adults from ages 25-34, do we track the younger students?

Mr. Hagerott: We have one of the highest rates of students leaving high school and attending college and we are working on tracking that. Returns to outlining **page 13 of attachment 1**.

(29:30) Chairman Representative David Monson: Are we reducing staff to the point where you are cutting whole programs or are we reducing staff that could reduce accreditation?

Mr. Hagerott: We have had programs shut down and are borderline on others, but we are adapting and dealing with things that are tightening up.

Mr. Hagerott: BSC won a security contract with the Saudi Arabians and beat out the whole world. California came out and gave $2M to BSC.

(32:00) Vice Chairman Representative Jim Schmidt: North Dakota is a part of an energy producing council that has 14 states and 2 Canadian provinces that meets every 3 months and President Skogen stands in front and explains the impact that Bismarck State College has in the energy field. So we appreciate President Skogen's hard work in that area.

Representative Mike Nathe: Can you describe the Polytechnic term?

Mr. Hagerott: It is bringing together a group of technical leaders that put on less rigorous courses back in the day that removed things like Latin and gives you a technical degree. Many now allow you to take higher courses, but many require a calculus based physics, that causes a lot of students to drop out and attend a place like BSC that does not require as rigorous of courses.

(35:00) Chairman Representative David Monson: Next summer, we will be hosting the Council of State Governments and I am the only remaining board members and I need to find some money and more board members and hopefully President Skogen and BSC could help play a role in that.

(37:15) Tammy Dolan: Vice Chancellor of Administrative Affairs. Introduces self to committee and passes out **attachments 2, 3 and 4** and begins to present from **page 17 of attachment 1**.

(41:45) Vice Chairman Representative Jim Schmidt: We are finding in other budgets that there are laundered general funds, meaning general funds that are given to one agency, transferred to another and become special funds. Do you have any laundered general funds?

Ms. Dolan: I believe we do not.

Chairman Representative David Monson: How about Informational Technology (IT) services.

Ms. Dolan: IT is a part of our general funds budget but I suppose research grants that are offered from other state agencies that the research institutions take advantage of.

Vice Chairman Representative Jim Schmidt: I understand that, but I am looking more at your special funds.

(43:15) Ms. Dolan: That would maybe be more close to grants we receive from other state agencies.

Chairman Representative David Monson: We are having a problem trying to sort out the comingling of agencies and funding.

Ms. Dolan: We can bring you a breakdown of that $1.2B in other funds.

Chairman Representative David Monson: We would like that. Does tuition include fees or are fees in the other funds?

(44:35) Ms. Dolan: I believe that is tuition and fees. A new tuition model is being used and fees are being worked into tuition now.

Chairman Representative David Monson: Supposedly the students voted in hefty fees in order to build a new Student Union. Can you provide the comingling of the tuition and fees?

Ms. Dolan: When the students and parents look at their bills, they will see the breakdown.

Chairman Representative David Monson: I know we have mentioned this before on how to eliminate fees and a breakdown would be appreciated.

(46:35) Ms. Dolan: Continues to present testimony from **page 17 of attachment 1**.

Chairman Representative David Monson: The Governor asked for the 4% and then the 2% and a possible extra 2% increase in salary. We will have to justify how higher education gets a 4% and 4% increase and the others do not.

(50:15) Representative Mark Sanford: Just a few observations on this page; the formatting fits the formatting we would prefer. Secondly, it looks like you are assuming the same number of staff numbers.

Ms. Dolan: Yes, that is correct. We started from the baseline and projected no additional cuts because we did not ask for the $122M to be restored that was cut last time and we have made over 700 staffing reductions. We have repurposed and streamlined wherever we can, while trying to make only minimal cuts.

Representative Mark Sanford: Thank you for your cooperation. Relative to the tuition, the number you show here, 3%, that will not be across the board and with these changes with fees and so on, there could be some variation?

Ms. Dolan: There will be variation across institutions.

(53:30) Chairman Representative David Monson: Over 700 FTE positions were originally cut and another 150 were cut for the 5% reduction?

Ms. Dolan: Our base budget reflects a reduction of nearly 700 reductions from the 15-17 biennium. The extra 5% was from the recommended Governor's budget and if it were to be instated, it would bring about the extra 150 reductions.

Chairman Representative David Monson: We have not really gotten into the green sheets here, but we will see what the Governor has compared to what you have.

(56:05) Ms. Dolan: Returns to presenting on **page 18 of attachment 1**.

Ms. Dolan: Any questions before I head into the funding formula?

(59:50) Ms. Dolan: Presents the Higher Education funding formula starting on **page 20 of attachment 1**.

Chairman Representative David Monson: Does UND's numbers include the UND Medical school?

Ms. Dolan: They do reflect the medical school.

(1:02:00) Representative Mark Sanford: When you have additions and subtractions from the programs and curriculum, how do you put a weight on one that may not have existed before that is now in the curriculum?

Ms. Dolan: When a new program area is created, it goes through a process that gets evaluated for a proper CIP Code, which is the classification of instructions program. When that is established, we know where it falls and that determines the weighting factor.

Chairman Representative David Monson: So it starts off with a preset code?

(1:03:45) Ms. Dolan: Yes, Mr. Chairman. Continues on **page 21 of attachment 1**.

Chairman Representative David Monson: That increase is due to cutting programs?

Ms. Dolan: It can be based on enrollment, the number of students and the types of programs they are taking. The biggest factor is enrollment numbers, courses taken and the completion rates.

(1:06:04) Representative Mark Sanford: Could you explain the Minot State University circumstance?

Ms. Dolan: If credit production at an institution decreases by 4% or more, the minimum amount payment kicks in, and their decrease was about 6%. It adds about $710,000 and keeps them at their 4% cut instead of 6%, and that is currently a bill being processed.

(1:07:35) Ms. Dolan: Returns to testimony on **page 21 of attachment 1** to provide a baseline for consistent future funding.

Chairman Representative David Monson: How much money is that residency line?

Ms. Dolan: It is $10.67 million.

(1:11:45) Representative Mike Schatz: Is the 6% reduction the same as what happened at Dickinson State University?

Ms. Dolan: Yes, it is the same as what we have seen at DSU, Williston State University and on a smaller scale, now at Minot State University. Moves on to **page 23 of attachment 1**.

(1:14:10) Chairman Representative David Monson: On page 22, that $10.6M for the medical school separated out, did you reduce UND then when you took the medical school out?

Ms. Dolan: No we are not double counting that.

(1:15:20) Representative Mark Sanford: As a follow-up to that, UND was just about level when it comes to weighted credits, the $6M increase is essentially salary increase or what? Is that what the weighted credits produces that in tuition?

Ms. Dolan: Which $6M are you talking about?

Representative Mark Sanford: The UND line on page 22. When it came to credit production, UND was just above 0% increase. What produces the differential in that?

Ms. Dolan: The compensation package is the biggest factor there and the base budget reduction. Returns to written testimony on **page 23 of attachment 1**.

(1:21:45) Chairman Representative David Monson: You are asking for this to come out of the general fund?

Ms. Dolan: Yes, that is correct. Continues to outline **page 25 of attachment 1**.

(1:23:50) Representative Mark Sanford: On the workforce initiative pool, has this been coordinated with the Job Service and Commerce Department requests?

Ms. Dolan: These are separate requests, but we do work with them.

Chairman Representative David Monson: It looks like the Governor did not include any of these requests.

Ms. Dolan: That is correct.

(1:24:55) Representative Mark Sanford: Did that go on Brady Larson's list of our concerns?

Chairman Representative David Monson: Yes.

Ms. Dolan: Returns to **page 26 of attachment 1**.

Chairman Representative David Monson: Which bills were these?

Ms. Dolan: They were SB 2039 and HB 1171.

(1:25:55) Chairman Representative David Monson: Mr. Larson, any idea of the status?

Mr. Larson: I do not now the status of these bills.

Ms. Dolan: The total of those 2 asks were combined into 1 $5M pool. **Continues on page 26 of attachment 1**.

(1:27:30) Chairman Representative David Monson: Unmanned Aircraft Systems (UAS) has come to us; we have to ask some questions on that one.

Ms. Dolan: **Returns to page 26 of attachment 1**.

Chairman Representative David Monson: So in the campus research initiative pool you have some analysis; this is a separate one not including the other pools?

Ms. Dolan: They are separate.

(1:28:55) Chairman Representative David Monson: Can you give us a list potentially of what each one will get out of the $10M.

Ms. Dolan: About $5M each for UND and NDSU split evenly.

Chairman Representative David Monson: We mean the breakdown of the program funding for each specific program listed, not just the school.

Ms. Dolan: We will get you that breakdown.

(1:30:15) Representative Mark Sanford: In this particular pool, the board would field requests from campuses and select the area of application?

Ms. Dolan: Yes, that is correct. Moves onto **page 27 of attachment 1**.

(1:32:40) Chairman Representative David Monson: Is this considered one-time funding or planned to be ongoing?

Ms. Dolan: I believe it is one-time funding. Moves to **page 28 of attachment 1** for written testimony and budgetary breakdown.

(1:35:40) Representative Mark Sanford: If we have online distance opportunities that provide better scale to attempt to further systematize some of these course options? When you do this, if there is a system option, would this include ideas on how to share the wealth?

Ms. Dolan: From my non-academic view, I would like Lisa Johnson to talk more about this. This would provide us some of the tools to identify and set us up for those efforts you just described including the sharing of credits and funding.

Chairman Representative David Monson: Do you have a total of what all of these optional requests come to? We will not be able to give you your whole wish list. Are these in order of priority?

(1:38:45) Ms. Dolan: **On page 17 of attachment 1**, it has the overall total.

Vice Chairman Representative Jim Schmidt: My immediate thought is that if the Governor did not think these were worth funding, why should we?

Ms. Dolan: Because of the current status of our budget and the cuts that were taken, we have tried to reprogram, there may be some money, but not a lot. These funds will be able to help us move for us and be responsive.

Vice Chairman Representative Jim Schmidt: Do you think the Governor took those into consideration?

(1:41:00) Ms. Dolan: I was not a part of those meetings.

Chairman Representative David Monson: Coming to your defense Ms. Dolan, you maybe do not know what he approved or recommended in these other budgets like Career and Technical Education. I am sure the when the Governor was weighing this out, he probably thought something like Commerce could juggle something better than higher education and make sure we are not duplicating something.

(1:42:40) Representative Mark Sanford: On these requests, I think one of the things I would look at that would raise red flags would be positions. It appears to me that the positions would be technology or investments that lead to fewer positions and more technical options.

Ms. Dolan: I would agree with that statement.

Representative Mark Sanford: As a follow-up, what is the capacity we have when we partner with the state system versus when we are alone?

Ms. Dolan: I am going to have to skip ahead to save some time.

(1:44:50) Chairman Representative David Monson: If you could break that down for us, it would be helpful. If we fund something now, it may become part of your base and is ongoing it could create a funding problem for us.

Vice Chairman Representative Jim Schmidt: You defined this as a needs-based budget, is that the same as a performance based budget?

Ms. Dolan: The optional adjustments that were approved include salary increases and the funding formula, so this is not needs-based.

(1:46:20) Vice Chairman Representative Jim Schmidt: So they are not built on performance?

Ms. Dolan: They are performance based too.

Vice Chairman Representative Jim Schmidt: Any place that graduation rate or retention rate plays into this rate?

Ms. Dolan: It is based on successfully completed credits.

Vice Chairman Representative Jim Schmidt: A student could take 5,000 credits and never graduate and you would get more money?

(1:47:45) Ms. Dolan: Technically that could be correct.

Chairman Representative David Monson: So you do not really agree with the Governor's adjustments?

Ms. Dolan: We do agree with them. Continues presenting on **page 31 of attachment 1**.

(1:50:05) Representative Mark Sanford: I was told that this digitization project was being chipped away and maybe DSU could give us the whole outline of this.

Ms. Dolan: I will make sure they talk about that. Continues on **page 32 of attachment 1**. On page 17, they chose the top 10 priorities to save on the requested costs.

(1:53:35) Chairman Representative David Monson: What is the total cost for Dunbar?

Ms. Dolan: The total cost would be $51.35M.

Chairman Representative David Monson: And of that $51.35 million for Dunbar, 50% would come from Strategic Investment and Improvement Fund (SIIFT) and 50% would come from private donations?

Ms. Dolan: Exactly. Returns to **page 33 of attachment 1**.

(1:55:30) Chairman Representative David Monson: Fox Hall would disappear, what does it house now?

Ms. Dolan: It holds auditoriums and all of the spaces for their musical education programs. Continues to present on **page 33 of attachment 1**.

Chairman Representative David Monson: So these 4 people from the public will talk now?

Ms. Dolan: No, their testimonies are just attached for your benefit. That concludes everything I have to say, thank you.

(1:59:45) Chairman Representative David Monson: We will take a quick break and we still have our quorum.

Representative Mark Sanford: Ms. Dolan, the capital projects are the boards priority requests? The rest are activities that come from outside funding sources?

Ms. Dolan: Yes, those are our top 10 priorities.

Chairman Representative David Monson: Calls a recess in the hearing.

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A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota university system; to amend and reenact section 54-44.1-11 of the North Dakota Century Code, relating to the cancellation of unexpended appropriations; and to provide for a transfer.

Minutes: Attachments 1-12

Chairman Representative David Monson: Opens hearing for public testimony.

(1:25) Jared Melville: President of the North Dakota Student Association. Introduced self to the committee, offered support in favor of HB 1003 and began to present testimony from **attachment 1**.

(11:00) Chairman Representative David Monson: We put $100K into it last time, what would you like for this?

Mr. Melville: I do not have a set figure for this. Returns to presenting from **attachment 1**.

(12:45) Vice Chairman Representative Jim Schmidt: You heard the discussion with regards to fees, some were paying and some were not depending on the courses. What are your thoughts on the socialization of fees blended into tuition?

Mr. Melville: This can be a good thing because it grants a greater distribution of resources for programs that may not be there if it was not for this.

Chairman Representative David Monson: When we were talking about the laundering of state funds, this is kind of laundering state funds because it is state funds given as scholarships and given back to the universities.

(16:25) Mike Mannausau: Introduced self to committee and began to present from **attachment 2.** Offered support in favor of HB 1003.

(18:25) Vice Chairman Representative Jim Schmidt: If donors and private donors are extremely interested in donating in higher education, why do we have to use tax payer dollars to help with that?

Mr. Mannausau: It helps to increase the impact of their gift and maximize the effect it has.

(19:25) Representative Mike Nathe: Are you familiar to the tiered system in the Governor's proposed budget?

Mr. Larson: The tiered system would provide a certain amount of grant funding depending on credit hours and the size of the university.

Representative Mike Nathe: Have you used all of your Challenge Grant every time?

Mr. Mannausau: Yes, we use every bit of it and it turns into $34M in gifts and 178 projects with 140 endowed scholarship funds.

(20:55) Representative Mike Schatz: Before the Challenge Grant, what did you receive in donations versus before and after?

Mr. Mannausau: I do not have that, but I could find that for you.

Representative Mike Nathe: After that passed, Lake Region raised more money than ever before. They want a state buy-in that offers full benefits.

(22:00) Representative Mark Sanford: If I could request for the Mr. Larson list the number of scholarships system wide awarded through this and its dollar value and the number of scholarships and the value of the state scholarships that we fund.

(23:35) Patricia Moulton: Introduced self to committee, offered support for HB 1003 handed out **attachments 3 and 4** and began to present from **attachment 3**.

(24:40) Representative Mark Sanford: My understanding is that retention is a problem lately. It is 1 out of 10 that gets retained in the workforce?

Ms. Moulton: Upon graduation, around 90% take their board exam and intend to stay here. After one year there is about 80%. After two years there is a big drop off and at five years there is around 50%.

Representative Mark Sanford: Reasons for the exodus?

Ms. Moulton: We are looking to study that, but we believe it is salary based where other states offer more compensation.

(26:50) Vice Chairman Representative Jim Schmidt: I was in the hospital and most of the nurses that were contracted out of state, when are we going to see the results in our own hospitals and nursing homes?

Ms. Moulton: There are a few hospitals and long term care facilities that have been able to keep staff full time.

Vice Chairman Representative Jim Schmidt: There were some nurses in the rural community that lived there and would travel elsewhere to be contracted for more money.

Ms. Moulton: It is very complex and one of the things we are working on is improving workplace culture.

(29:30) President Mark Kennedy: President of the University of North Dakota (UND). Introduces self to committee and offers support in favor of HB 1003. **Passes out attachment 5.**

(31:15) Hesham El-Rewini: Director of Engineering at UND. Introduces self, offers support for HB 1003 and begins to present from **page 1 of attachment 5**.

(37:50) Mr. Kennedy: Begins to present testimony from **page 4 of attachment 5**.

(42:50) Tom Erickson: CEO of UND's Energy and Environmental Research Center (EERC). Begins to present on **page 10 of attachment 5**.

(46:15) Chairman Representative David Monson: Any hope of getting earmarks back?

Mr. Erickson: There is conversations talking about bringing earmarks back for applied research.

Chairman Representative David Monson: Are you doing anything with hydrogen anymore?

Mr. Erickson: Yes, we still have studies relating to oil and gas other than just the military.

(47:35) Chairman Representative David Monson: Any new breakthroughs on fusion?

Mr. Erickson: I currently do not have expertise in that area.

(48:15) Mr. Kennedy: Thanks Mr. Erickson and begins to present from **page 13 of attachment 5**.

(53:15) Chairman Representative David Monson: We keep hearing about high college debt, this is for a 4-year degree?

Mr. Kennedy: This is the median debt for a bachelor's degree. The national average is around $25,000 for in-state schools. Returns to testimony on **page 18 of attachment 5**.

(55:55) Chairman Representative David Monson: You see all of these advertisements for online universities on our airwaves that are probably stealing business for you.

Mr. Kennedy: Our competition is Purdue, Arizona State and Penn State are our competition and we intend to compete closely with them.

(57:25) Macy Kopp: Introduces self to committee and begins to state testimony. Online courses are essential for distance learners and are indispensable to the UND community.

Representative Mark Sanford: So you just fit them into your schedule whenever?

Ms. Kopp: Yes, that is correct.

(59:00) Representative Mark Sanford: My question goes back to system wide implications of individual implications versus system?

Mr. Kennedy: That may take another hour, but we are operating under the assumption that there will be 20 up to scale online universities in a decade.

Chairman Representative David Monson: We do have Thursday morning scheduled for System Office and we can maybe ask questions like this then.

(1:00:15) Mr. Kennedy: Returns to testimony on **page 19 of attachment 5**.

(1:03:10) Chairman Representative David Monson: And the quality of their education did not diminish by having 5 less required credit hours to graduate?

Mr. Kennedy: I have never heard of other universities requiring 125 hours to graduate, so the quality did not diminish.

Chairman Representative David Monson: Are other colleges doing this?

Mr. Kennedy: We are already at 120 credit hours, but they do not double count for other degrees.

(1:04:30) Eric Hanson: Student Body President. Introduced self to committee and thanked the committee for their time. Getting students out in 4 years is instrumental in keeping the debt price down.

Mr. Hanson: Begins to present on **page 21 of attachment 5**.

(1:09:00) Chairman Representative David Monson: Are you seeing more collaboration with students?

Mr. Hanson: Yes, it is becoming more popular. There are many different learning styles from studying notes to making simulations and interactive groups with experiential learning to help these students learn the material.

Chairman Representative David Monson: Every kid learns differently and I taught a lot of biology and psychology, but you have to figure out how to get each student to learn differently. Is there resistance from some professors to move to Open Educational Resources (OER)?

(1:12:15) Mr. Hanson: We definitely do see that because change can be difficult and UND has taken off with this program at a much faster rate than any other institution in North Dakota and the country as well.

(1:13:45) Mr. Kennedy: The student senate has kicked in $75,000 of their own money and our librarian was voted best in an 11 state area. Returns to presenting testimony on **page 23 of attachment 5.**

(1:17:00) Chairman Representative David Monson: We have some people who are concerned about the removal of some buildings, including the removal of the Memorial Student Union.

Mr. Kennedy: We need your permission.

Chairman Representative David Monson: What are the legalities of removing a memorial building?

Mr. Kennedy: It will be remembering the same people as before and will actually do a better job of memorializing the past.

(1:18:25) Chairman Representative David Monson: Put that on our list Mr. Larson.

Chairman Representative David Monson: Who in the private sector is putting money into the steam plant?

Mr. Kennedy: The Johnson controls if it is not Honeywell and our other partners commit to buy the steam at the same price to leverage that commitment. Part of that $93M is going to upgrade the systems for delivering that to the buildings and beautifying the campus.

(1:20:00) Chairman Representative David Monson: That would be a great deal.

Mr. Kennedy: Continues to present testimony of the future architectural plans on **page 27 of attachment 5**.

(1:21:00) Macy Kopp: Students voted to update and create the new Memorial Union. This will help us leverage outside donations to obtain and retain students at UND. The students have spoken and we hope you listen as well.

Chairman Representative David Monson: What percentage of students voted?

Ms. Kopp: We can get you those.

(1:22:15) Representative Mike Schatz: Why would you want to tear this one down?

Mr. Kennedy: That is the design for the new one.

Chairman Representative David Monson: So this new one will go in the same spot?

Ms. Kopp: That is correct.

(1:22:45) Representative Tracy Boe: The funds from the student association that are promised to help fund this?

Ms. Kopp: This will be funded 80% by student fees and 20% by the university.

Representative Tracy Boe: These are upcoming funds?

(1:23:20) Mr. Hanson: It is a 35-year bond in a 40-year payment and set to increase fees.

Chairman Representative David Monson: What will they be?

Jed Shivers: Vice President for Finance and Operations. In 2020 per credit the fee will be $14 per credit for $168 a semester and rise by 2% each year for the entire 40-year period. In 2021 it will be $14.28.
Chairman Representative David Monson: Why will it rise?

Mr. Shivers: It is structured that way to offset the rising costs.

(1:25:20) Mr. Hanson: In order to pay it off we leveraged natural inflation. The obligation is done because there is not an adequate maintenance fund set up. We pay $1.21 per credit for the old Memorial Union and is nowhere near adequate and we won't have to see huge hikes in costs.

Chairman Representative David Monson: You are building in maintenance costs to this?

(1:27:15) Mr. Shivers: Yes.

Mr. Kennedy: Yes, there is a maintenance fee and it is leveraged to stay with inflation and could actually become cheaper if inflation rates are higher than the increasing 2%.

Chairman Representative David Monson: So your plan is to demolish Gamble Hall?

Mr. Kennedy: It is Montgomery Hall and Gamble Hall. They are not scaled for the type of teaching Mr. Hanson was speaking about with the OER's.

(1:29:25) Chairman Representative David Monson: So Gamble is going away?

Mr. Kennedy: Not right away, but yes. There is no gathering space for students other than under the stairs on the couches.

Chairman Representative David Monson: I did not get to see all of the campuses like I should.

(1:30:40) Mr. El-Rewini: Returns to the podium and begins presenting testimony from **page 29 of attachment 5**.

(1:37:45) Mr. Kennedy: Asks for any questions from the committee. None were asked and the written testimony was continued on **page 31 of attachment 5**.

(1:38:45) Mr. Hanson: The Challenge Grant fund has been detrimental to helping students and getting funding matched 2:1 to gain additional funds for the help of scholarships and new faculty.

Chairman Representative David Monson: Make a note of **page 31 from attachment 5**.

(1:40:55) Jed Shivers: Introduces self to committee and begins to present written testimony on **page 32 from attachment 5** to explain the recent cuts from past budgets.

(1:48:00) Mr. Kennedy: Offers his closing remarks on investing into campuses renewal and student success. We are here to work with anything that is of interest to you.

Chairman Representative David Monson: Invites students to sit on the floor during the session and ask any questions.

Mr. Kennedy: Many of our students would be interested in that and we appreciate your offer.

(1:50:25) Chairman Representative David Monson: Closes this section of the hearing on UND. **Attachments 6 through 12** were handed out to the committee to read on their own time.

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Minutes: Attachment 1-7

Chairman Representative David Monson: Calls the hearing to order and notes that there is at least a quorum present.

(00:45) Dean Joshua Wynne: Dean of the University of North Dakota School of Medicine and Health Sciences (UND SMHS) and Vice President for Health Affairs. Introduced self to committee and gave a brief overview of the items to be presented in the hearing.

Mr. Wynne: The total funding for the UND SMHS over doubled when the Challenge Grant was implemented.

(4:20) David Molmen: Chair on the UND SMHS Advisory Council. Introduced self to committee and gave an overview of what information can be found in **attachments 1-4**. Begins to present testimony and information from **attachment 1 on page 1**.

(11:40) Representative Mike Nathe: Why won't certain students be accepting to in-state schools, but get into out-of-state schools?

Mr. Molmen: In order to increase retention is to take the vast majority of accepted applicants from North Dakota and many of the rural areas are favored due to the need for them and likeliness they will stay.

Mr. Wynne: If we looked at all of the students who went to medical school 10 years ago, 2/3 stayed in North Dakota and 1/3 left the state, but now we retain 5 out of 6 medical students in the state. The competitiveness at UND has increased, it makes it harder to get into.

(14:45) Representative Mike Nathe: It is nice to hear we are going in the right direction.

(15:05) Mr. Molmen: It is unfortunate that there is such a limited amount of spots, but that drives up the value and competitiveness of the program. Returns to presenting of **page 2 in attachment 1**.

(16:30) Representative Mark Sanford: On the nursing issue, is this the case that nursing educators have a shortage and that they can make more in a hospital setting?

Mr. Molmen: You are quite right. One of our challenges is to have nurse educators to help get them out into the field and develop these programs.

(17:30) Mr. Wynne: Starts presenting testimony on **page 3 of attachment 1**. Highlights that 85% of the UND SMHS enrollees are either North Dakota residents or are Minnesota residents and attended an undergraduate school in North Dakota.

(24:30) Mr. Wynne: Continues to outline the high completion rate of students enrolled in the UND Medical school programs on **page 6 of attachment 1**.

(26:25) Chairman Representative David Monson: I see you had 35 total enrollees and originally planned for 51 residencies. Is this the bottleneck because you do not have enough residency spots?

Mr. Wynne: This is a problem locally and nationally. A bottleneck is exactly what it is because there just are not enough residency programs due to financial reasons.

Chairman Representative David Monson: So you have the space, but do you have the faculty?

Mr. Wynne: The biggest bottleneck is the funding and we put out requests for proposals. The hospitals develop the proposal and testify before the advisory council and then makes a recommendation on if that program should be funded or not. We cannot even send out a request because we do not have the funding.

(28:40) Mr. Wynne: We are not even asking for extra funding.

Representative Mike Nathe: How much would it be to fund those remaining 16 spots?

Mr. Wynne: The order of magnitude is $150,000 per spot. It breaks down on **page 12 of attachment 1**, but payment goes towards benefits of all involved.

Representative Mike Nathe: And you have no doubt that you would be able to fill those remaining 16 spots with the funding?

Mr. Wynne: Yes, easily.

(30:40) Vice Chairman Representative Jim Schmidt: Are these residency figures in the Governor's budget?

Mr. Wynne: Yes, that is not in the Governor's budget.

Vice Chairman Representative Jim Schmidt: Any idea why?

(31:20) Vice Chairman Representative Jim Schmidt: Did you request it?

Mr. Wynne: We did not request it.

(31:45) Renee Bloms: They only requested for the 35 spots.

Mr. Wynne: It is an interesting way that these residency spots have been funded. They have been one-time funding.

Vice Chairman Representative Jim Schmidt: We define one-time funding as this time.

Representative Mike Nathe: You mention $150,000 a student, so $2.4M per year?

Mr. Wynne: Yes, you would have to double that for the biennium. Returns to presenting on **page 6 of attachment 1**.

(37:45) Chairman Representative David Monson: Do you ever disagree with the advisory council?

Mr. Wynne: This is not clear in legislative intent, but in practice I have never disagreed with the advice of the advisory council. Returns to written testimony on **page 7 of attachment 1**.

(42:40) Chairman Representative David Monson: Why are library costs going up 10% a year?

Mr. Wynne: With the increased digitalization of data and records, fees increase substantially and we have to comply with these rate hikes. Continues presenting on **page 9 of attachment 1**.

(45:30) Chairman Representative David Monson: So when you say that you will have all residency spots settled for 5 years, you are counting on legislative funding for all of that?

Mr. Wynne: Yes, that is correct. We have projected out what the expectations would be over the sets of years and have continued to do better than the expectations we have set. We are trying to work on getting residency funding into base funding instead of listed as one-time funding.

(47:25) Vice Chairman Representative Jim Schmidt: Based on the Governor's budget, if we look at the opportunity to move money around and looking to use Challenge Grant money to fund those 16 residency slots?

Mr. Wynne: Would it help if we had some funds that would help the school start and have donors raise funds to match, we would find that attractive.

Vice Chairman Representative Jim Schmidt: Using Challenge Grant funds towards that would be a good thing.

Mr. Wynne: I do not know if that would affect other scholarship opportunities, but adding residency spots is a good thing for the state.

(49:40) Vice Chairman Representative Jim Schmidt: It is a good way to fund these students.

Representative Mike Nathe: It would definitely qualify for the Challenge Grant the way it stands now. The Governor's tiered budget is $40M and you could get up to $11M.

(50:30) Mr. Wynne: This is related to the theme and we would have opportunities for philanthropy and hospital support in order to do the matching funds. Returns to written testimony on **page 9 of attachment 1**.

(53:35) Representative Mark Sanford: Could you give examples of where those matching grants come from?

Mr. Wynne: Mr. Shivers and President Kennedy have mentioned that, but the largest source of funding is Federal Funds, and the largest of that is the National Institutes of Health. We are focused on translational research from bench to bedside and how we can increase our output of discovery research and make it practical and useful.

(55:55) Mr. Molmen: I will conclude our remarks briefly. Presents closing remarks on **page 11 of attachment 1**. We are not asking for more, just to continue to do what was established last biennium.

(1:00:30) Vice Chairman Representative Jim Schmidt: If we could look at point 2 from **page 12 in attachment 1**, why did you not ask for this sessions ago?

Mr. Molmen: We did.

Mr. Wynne: We have mentioned this each biennium.

Chairman Representative David Monson: When it is one-time funding and we are using funds that are not always stable, it makes it a little shakier. We cannot commit to something that is shaky and not always set.

(1:02:00) Mr. Molmen: Yes, we understand your point. Adding this to the base funding is our main goal for these.

Chairman Representative David Monson: If we put that in there and cannot deliver, it makes us look bad and it hurts you guys if you try to commit to someone and then cannot find the funds for it later.

Mr. Molmen: We are in the same place and understand the problems involved in this. We will continue to work with the challenge of getting new residents in the program.

Chairman Representative David Monson: We would like to have you back, so maybe this coming Thursday and Friday after the System Office because we have open space for Committee Work.

Mr. Wynne: I have patients scheduled.

(1:04:35) Chairman Representative David Monson: It will be whoever can make the openings, and maybe next week would work for you and us too.

(1:05:10) Representative Mark Sanford: I would like to thank Mr. Molmen for his years of service and leading this. It was a hot topic when I first started with the legislature and I would like to thank you for your help with this.

(1:06:10) Chairman Representative David Monson: If you support or oppose, please sign the sheet and mark your area of support or opposition.

(1:07:00 John Richman: President of the North Dakota State College of Science (NDSCS). Introduces self to committee and begins to present testimony from **page 1 of attachment 5**.

(1:11:45) Chairman Representative David Monson: You do not necessarily own this equipment from the large providers?

Mr. Richman: Correct, it is either loaned out to us or they rotate it to us and bring the new equipment for us to use and recycle or sell the older equipment. These large companies also work as a partnership to give affordable equipment to students.

Representative Mike Schatz: Do you have an insurance policy for negligent behavior?

Mr. Richman: Yes, we do and that is our only cost with this program and partnership with these companies.

(1:14:00) Mr. Richman: Moves on to **page 6** of the testimony found in **attachment 5**.

Chairman Representative David Monson: So this is for apprenticeship or skillsND?

Mr. Richman: This is for apprenticeship.

(1:17:00) Representative Mike Schatz: What is the main nationality of the new members?

Mr. Richman: I can get you a breakdown of that.

Chairman Representative David Monson: Is this in Fargo?

Mr. Richman: Yes, they are all in Fargo.

(1:17:55) Representative Mark Sanford: What is the involvement of the union?

Mr. Richman: We need multiple drips in the funnel to create a workforce and they work on their apprenticeships and we work together to create these opportunities. Returns to **attachment 5 on page 8**.

Chairman Representative David Monson: Who is funding that grant?

(1:20:00) Mr. Richman: That is the National Science Foundation grant through our welding program, where we train the trainer. Continues to present testimony on **page 9 of attachment 5**.

(1:23:20) Representative Mark Sanford: On the component of the auxiliary enterprises, what is the debt level your institution would have?

Mr. Richman: We have a revenue bond to redo two resident halls that we have been paying on for 6 years. That would be our only debt.

(1:24:45) Dennis Gladen: We have no debt other than the residence halls.

Chairman Representative David Monson: I would have thought that students would have to pay a higher cost for the courses and work you offer, but it is surprisingly low.

Mr. Richman: Returns to written testimony on **page 13 of attachment 5**.

(1:30:00) Vice Chairman Representative Jim Schmidt: You have the Unmanned Aerial Systems, it seems we have a number of factions working on this and a major section is the funding for the department of commerce. How does this work for you?

Mr. Richman: We are hoping to eventually work with them, but currently we are working with Lake Region on our UAS programs.

Vice Chairman Representative Jim Schmidt: What is the UND association with yours?

Mr. Richman: Think of it as an industry as needing technicians and pilots. We are more worried about keeping the device operating and the code to operate these systems. They are about the larger crafts.

Vice Chairman Representative Jim Schmidt: It does not seem to me that there is a plan for the whole of North Dakota for unmanned systems. Am I wrong?

(1:32:30) Mr. Richman: If you looked at the envision 2030 plan, it will be outlined at a system level. Returns to written testimony on **page 19 of attachment 5**.

Mr. Richman: Expresses support for the funding of the state Higher Education funding and HB 1003. Begins to outline the priorities for the future on **page 19 of attachment 5**.

(1:39:20) Mr. Richman: Our goal is to create a free or reduced tuition program similar to that of South Dakota that offers a program of 3 years post graduate work that gives debt forgiveness for working in South Dakota for 3 years after graduating. We also offer support for SB 2039.

(1:41:10) Representative Mark Sanford: What would be the fields for dual credit courses?

Mr. Richman: The details for this has not been worked out in HB 1122 and that could be something this committee outlines.

Representative Mark Sanford: Do you offer dual credit?

Mr. Richman: Yes, we offer them in over 35 high schools.

Representative Mark Sanford: Are those offered from onsite instructors and are Career and Technical Education involved?

Mr. Richman: Yes, it is not offered for High School freshman because it is a requirement to be a sophomore or older. We offer high school CTE courses as well as dual credit courses as well.

Chairman Representative David Monson: And you offer some of those online?

Mr. Richman: Yes, we do.

(1:43:30) Representative Mike Nathe: What are the salary increases?

Mr. Richman: The outlined 4% and 4% increases.

(1:45:30) Tom Mitzel: President of Dickinson State University. Introduces self to committee and begins overview of **attachment 6 on page 1**.

(1:54:20) Mr. Mitzel: Outlines the definition of a dual mission university as the ability to offer two and four year programs of varying degrees as seen on **page 6 of attachment 6**. Dual mission allows us to give the students something to show from attending school if they are unable to finish schooling due to various reasons.

(1:56:46) Representative Mark Sanford: These would all lead into each other? If you got a certificate, it would lead into the credits needed to graduate?

Mr. Mitzel: Not all certificates have to be credit baring and if you leave and come back, you do not have to start from the ground floor. Continues presenting on **page 6 of attachment 6**.

(1:58:20) Chairman Representative David Monson: What is your master's program in?

Mr. Mitzel: Our master's program is in teaching and we are working on getting entrepreneurship.

Representative Mark Sanford: What are the associate degrees in?

Mr. Mitzel: I cannot name every single one off the top of my head, but nursing is one and they are able to finish their first 2 years and begin to work while finishing the rest of their degree. The others would be an agricultural degree, associates of applied science and associates of art degree.

(2:00:30) Representative Mark Sanford: With an agricultural associate degree, you also have a 4-year degree for agriculture?

Mr. Mitzel: Yes, that is correct. We are working on a 4+1 agriculture program and trying to get that underway. Continues presenting testimony on enrollment numbers from **page 7 of attachment 6**.

(2:03:25) Chairman Representative David Monson: When you say you took a sports team offline, what do you mean?

Mr. Mitzel: We had to cut two sports teams. The coach actually asked if they were able to fundraise at least 3 years out, we could continue this. They raised the funding 3 years out and we will let them continue. They are not on the appropriated funding.

Chairman Representative David Monson: What teams are these?

Mr. Mitzel: That is golf and most of the donations come from people who did not golf. The problem is that the golf season is very short here in North Dakota.

(2:05:25) Representative Mark Sanford: In the fall of 2015, our interim committee had our first meeting at DSU, where there was some real serious work that went on. I was struck by them saying they can do this and it is nice to see the blue bars getting longer, so congrats on that.

Mr. Mitzel: Moves onto **page 8 of attachment 6**.

Chairman Representative David Monson: What is your closest 4-year college?

(2:08:10) Mr. Mitzel: Minot State is our closest competition.

Chairman Representative David Monson: I was wondering where your competition was and if you picked up a lot of students from Eastern Montana near the Miles City area.

Mr. Mitzel: Eastern Montana is a good recruiting place for us, but Wyoming is not a great place for us because they are not a border state with us. This means they do not receive the same out of state benefits, but we are looking into that as well. Continues to present **attachment 6 on page 9**.

(2:15:35) Mr. Mitzel: I would plea with you that you keep our baseline funding and not cut anymore. It would make things very difficult.

Chairman Representative David Monson: Do you still have reserves?

Mr. Mitzel: Yes, we were very frugal and we are trying to cut down our foot print and sell some buildings. One of those was a state building coming through in HB 1120. That would help us reestablish reserves.

Chairman Representative David Monson: What do you expect to get for that building?

Mr. Mitzel: We expect $725,000 and the appraisal is at $725,000. We have another that is appraised at $1M and another that was $650,000 and both are drawing interest.

Chairman Representative David Monson: And you would not need to come back and ask for another building to replace those?

(2:17:20) Mr. Mitzel: One was our arts building and we have more room than we need. We moved the arts department back on campus. The maintenance was high enough that to bring it back to code would have cost us a lot. Our second building was being leased and we would rather sell it out right to save us money.

Mr. Mitzel: The other building is on the other side of town and people do not want to be that far.

Representative Mike Schatz: Are the two high-rises leased out?

Mr. Mitzel: We do have two high-rises and only one is being used for residents. So we have extra room.

(2:19:20) Representative Mike Schatz: Is that building making a profit and how is maintenance split?

Mr. Mitzel: We are recognizing a profit and would still see a profit if returned to a residence hall. We split the maintenance costs with the leasers.

(2:20:00) Representative Mark Sanford: What is your outlook?

Mr. Mitzel: I originally did not like the funding formula. We went from 2800 students to 1300 in 6 years and we are beginning to increase out enrollment again. Returns to **attachment 6 on page 13** to outline the budget comparison.

(2:24:50) Mr. Mitzel: Outlines the figures on **page 16 of attachment 6** that any cuts in funding would mean there would have to be programs cut.

Representative Mark Sanford: Any debt you have related to auxiliary services?

Mr. Mitzel: We have no debt. Returns to **page 17 of attachment 6**.

(2:28:45) Mr. Mitzel: Expresses support for the Needs-based proposed budget of HB 1003 and the proposed salary increase of 4% and 4% in the coming biennium. Thanks the committee and asks for any standing questions.

(2:30:45) Doug Darling: President of Lake Region State College. Introduces self to committee and gives a brief overview of Lake Region State College while **attachment 7** is being passed out. Begins to present testimony and information from **page 2 of attachment 7**.

(2:35:25) Representative Mike Schatz: You had a program for windmill repair or construction and I was wondering if you still have that and if you are the only institution that has that?

Mr. Darling: Yes, we still have that program. It also happens to be the fastest growing profession in the country and we also are the only institution that has that program and also have a wind turbine that powers our campus.

Chairman Representative David Monson: Years ago we trusted that your windmill would pay back, you want to tell us how the amount of electricity you are saving and selling back?

Mr. Darling: We entered into a contract with Honeywell to make the payment for this. Legislature funded 1/3 and we had to cover the rest, but we are going to make the complete payment and have about 8 years left on the performance contract. We had a serious electric problem with it and our students and staff tracked down the problem and fixed it themselves without an outside repair company.

(2:39:00) Mr. Darling: The turbine is actually performing above initial estimates.

Mr. Darling: The 4% and 4% salary increase should actually be looked at as an 8% increase over 8 years because they did not have an increase in the last 4 years.

Chairman Representative David Monson: Do you have any debt besides the windmill?

Mr. Darling: We just paid off the remaining debt on our residence halls, so the only debt is the remaining wind turbine contract. Outlines the figure on **page 12 of attachment 7**.

(2:42:40) Chairman Representative David Monson: Is your adult farm management apart of the CTE?

Mr. Darling: It is a part of CTE, we get reimbursement from them and is a big deal to us.

Representative Mark Sanford: Is the dual credit both in the CTE area and the general education area?

Mr. Darling: We do both. We do a lot more in the general education area, but we do have CTE as well. We have some in IT in Grand Forks Public Schools, childhood education and health careers in medical terminology. The cohorts that want CTE dual credits are not as large as the cohorts that want dual credit in these other areas.

(2:44:10) Chairman Representative David Monson: Do you do anything with the school for the deaf?

Mr. Darling: Yes, we do. We have a program with Minot State to help develop a program for sign language and interpreting studies. We developed the first two years and Minot will develop the next 2 years and return it to us.

Representative Mark Sanford: How do you divide the credits and funds for the partnership?

Mr. Darling: We get the credit for the 100 and 200 level credits and Minot gets the credits for the 300 and 400 level credits and we often hire their instructors. The school for the deaf then gets extra interpreting help from us.

(2:46:00) Representative Mark Sanford: On the dual credits with high school and distance education, do you have some embedded instructors at those schools?

Mr. Darling: We have been delivering the services the longest in the state, whether that is online or face to face.

Representative Mark Sanford: Do you do that with CTE?

Mr. Darling: Yes, we do it with CTE and do it in any way we can to deliver a quality service. Representative Mark Sanford: Those dual credits are recognized system wide including state to state and around the country?

Mr. Darling: Yes, we have been able to transfer some to Harvard and have had good luck transferring this to other states. Returns to **attachment 7 on page 12**. Notes that Lake Region raised 8 times more money than their original record after the instatement of the Challenge Grant.

(2:49:30) Vice Chairman Representative Jim Schmidt: Those dollars from the Challenge Grant was originally used for supplies like desks. I have a hard time taking it and using it for anything other than scholarships for the students.

Mr. Darling: I concur with that and we used it for technology in our high cost programs that we could not budget for. Around 80-90% were used for scholarships, but allowed us some flexibility.

Representative Mark Sanford: Tuition is a set number and the programs you offer have very different costs across the board. With the new tuition model, refresh my memory on how that will work.

(2:51:55) Mr. Darling: We eliminated all of our course fees, but at the end of the course there is a certification test that has a fee through a 3rd party vendor and if we include that as a fee, the student can use the student aid for that. It was much easier and more transparent to include it as a program fee.

Mr. Darling: We have two tuition rates, one for international students and one for Americans and contiguous Canada and it has worked well.

Chairman Representative David Monson: Law enforcement is down and the rest seem stable or up, can you explain this?

Mr. Darling: It has to do with stress of working with law enforcement. We applied for an academy here in Bismarck because there was not enrollment and it was turned down. We are recruiting more and should be back up and running by next year in Bismarck.

(2:54:35) Mr. Darling: Our Capital Agriculture Program was started and there was desperate need for these technicians. We did not have the equipment or facility and had to rent.

Chairman Representative David Monson: What is rent?

Mr. Darling: Rent is around $60,000 a year and we cannot power it, so maintenance and all brings the annual cost to around $100,000.

Chairman Representative David Monson: If you could get one on campus, you would save money and power it with your turbine?

(2:56:10) Mr. Darling: Yes, that is correct. We have also had many pest problems in there as well. We would be asking for around $3M in funds to create this building and model it after the Morton County buildings with rooms and some research centers in there as well.

Representative Mark Sanford: Is representative Johnson a guest speaker?

Mr. Darling: Yes.

Representative Mark Sanford: Where in the higher education boards of rankings does this fall in?

(2:58:10) Mr. Darling: It came in at 22 out of 22 due to not being a major safety concern.

Representative Mark Sanford: That is a tough facility to use because it is off campus and has pest problems.

(2:59:10) Vice Chairman Representative Jim Schmidt: With regards to the Governor's budget, did you request for a new building and what was the response?

Mr. Darling: We had the Governor on campus, showed him our concerns and did not make the budget.

(2:59:50) Representative Tracy Boe: How much of that is paid for engineering fees?

Mr. Darling: I do not know if I can answer that, but of the $2.9M, about $800,000 was expected to go towards that.

Representative Tracy Boe: Can you tell us about your significant audit findings?

Mr. Darling: We have no audit findings. I think we could industry to help with this building, but not the whole thing. We believe we could fundraise, but if we could get half and authority to raise more, we would think we could get the rest.

Chairman Representative David Monson: With $100,000 cost a year to run the other one and are only asking for $3M, it sounds like that rent is money down a rat hole.

(3:02:50) Mr. Darling: Returns to **page 5 of attachment 7** of the written testimony. We are working to set up an apprenticeship program for Informational Technology and Cyber Security in a work based learning program.

Mr. Darling: A program called 20 by 2020 is similar to apprenticeship and 80% of the degree would be covered after they complete the degree and agree to work for 3 years to meet the labor needs. This is program agnostic, meaning that every college is involved by specialty.

(3:06:10) Chairman Representative David Monson: What is the average debt for a 2-year degree?

Mr. Darling: I think it is in the neighborhood of around $11,000, but I can get you the exact figure. We spend more time partnering almost because we make good use of the resources you provide us. We are in great financial shape with reserves at the expected levels and enrollment at record highs.

(3:07:35) Mr. Darling: If the 5% cut is met, we are going to have to cut people and programs because our budget is tight and our costs are met.

Mr. Darling: We planned for any extra reductions and ended up with a net reduction of $525,000. We planned on having about $292,000 less this biennium. Expresses full support for the recommended Needs-based budget and HB 1003.

(3:10:15) Chairman Representative David Monson: Closes the overview hearing for the day.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee - Education and Environment Division
Roughrider Room, State Capitol

HB 1003
1/16/2019
30868

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Parker Oswald

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota university system; to amend and reenact section 54-44.1-11 of the North Dakota Century Code, relating to the cancellation of unexpended appropriations; and to provide for a transfer.

Minutes: Attachments 1-3

Chairman Representative David Monson: Gavels in and clerk takes the attendance. Every committee member is present.

Chairman Representative David Monson: Opens the hearing for HB 1003 and gives an overview of the daily schedule.

(1:35) President Dean Bresciani: President of North Dakota State University (NDSU). Expresses support for the proposed Needs-based budget to fund higher education and begins presenting the information from **attachment 1 on page 3**.

Mr. Bresciani: When our budget is reduced, it reduces the amount of research we are able to perform due to the fact that our staff now has to resume more teaching roles due to staff cuts and we cannot perform every project we would prefer.

(4:45) Chairman Representative David Monson: Is Dunbar Hall chemistry?

Mr. Bresciani: Yes, it is chemistry and bio-chemistry. Moves onto **page 4 of attachment 1**.

(7:00) Chairman Representative David Monson: When you say face-to-face, you mean they are on the NDSU campus?

Mr. Bresciani: They are on the campus all the time and are a resident, but can still be taking some online classes as well. The vast majority of NDSU's full-time students stay in the state when they complete their degrees.

(8:25) Chairman Representative David Monson: What constitutes a full-time student?

Mr. Bresciani: At least 15 credit hours. We created a model to reward full-time students that after 13 credits, it is all the same price.

Representative Mark Sanford: There is a bill to study the funding formula and it is not a redo, but to bring it up to the current funding code. To ensure that the statutes are consistent and modern.

(10:35) Mr. Bresciani: Thank you for bringing that up. It is fairly typical in states when you put a model in place, but it is like a wool sweater and pulling the strand gradually damages the sweater over time.

Representative Mike Nathe: Getting back to the credits, when did you start that?

Mr. Bresciani: Last fall.

Representative Mike Nathe: Are you the only school in the system that does this?

Mr. Bresciani: Yes and no. Many of the other schools are supporting part-time students, but with our model, it rewards full-time students.

(12:30) Representative Mike Nathe: Have you seen an increase or results yet?

Mr. Bresciani: Yes, we have seen great results and have received nothing but great feedback from the students and their family. It is very easy to grasp because it is one figure that they see and it is not a revolving door of high prices.

Representative Mike Nathe: As someone who has paid for multiple college degrees, that is very nice to hear.

(14:05) Chairman Representative David Monson: Now at least it is one number so you are not hiding any fees and the parents understand exactly where the money is going and extra costs are not being hidden.

Mr. Bresciani: What constrains us is that we are trying to have a positive and consistent trend of pricing.

Chairman Representative David Monson: It was like UND's new Memorial Union and the fees that are being put in every student's payments.

(16:00) Mr. Bresciani: With any new fee or substantial increase it can only be done with overwhelming support from the student body. Returns to **attachment 1 on page 5**.

(25:20) Vice Chairman Representative Jim Schmidt: I am interested in the statement you made about providing Human Resources and Payroll for a few other colleges, how is that affecting you?

Mr. Bresciani: It increases our costs, but we are certainly not losing any money. It is very cost efficient.

Vice Chairman Representative Jim Schmidt: It would be nice to see the savings to the tax payers.

(26:55) Mr. Bresciani: I completely agree and we can get that for you. Returns to written testimony on **page 13 of attachment 1** and outlines NDSU's national ranking given by the National Science Foundation (NSF).

(34:20) Mr. Bresciani: I would like to point out that North Dakota is the only state that does not fund their research universities separately.

Chairman Representative David Monson: What are you thinking for figures?

Mr. Bresciani: We are thinking $100M for the two universities or $25M annually each. For us to go below $100M, it will be very tough for us to compete with larger universities with more resources to work with. Expresses support for the 4% and 4% salary increase, which is roughly balancing out with the inflation rate of the United States. Continues onto **page 23 of attachment 1**.

(37:30) Mr. Bresciani: Our staff very much wants to stay at NDSU and a lot of them are heading to Minnesota, so any more cuts and not compensating them will make it hard to retain long-term staff.

(38:30) Chairman Representative David Monson: When you get research dollars, how much of that goes towards faculty?

Mr. Bresciani: It depends on the grant and the formation of it. Many of the grants rely on graduate staff to help and some give additional pay to some faculty. Continues to highlight the budget information on **page 23 of attachment 1**.

(41:15) Chairman Representative David Monson: What was the cause of the two fires at Dunbar Hall?

(42:05) Mike Ellingson: The first fire is under investigation and the other was due to a hotplate malfunction and it was sent to Massachusetts Institute of Technology (MIT) to confirm this.

Mr. Bresciani: Thanks Mr. Ellingson and continues to present testimony from **page 24 of attachment 1.**

(44:15) Chairman Representative David Monson: This a total replacement and not a remodel?

Mr. Bresciani: It would be demolished the moment the new one would be completed.

Chairman Representative David Monson: And this would be in a new site?

Mr. Bresciani: Only about 10 feet away.

Chairman Representative David Monson: Would this be a savings in operating costs?

Mr. Bresciani: Absolutely, the operating costs would be much lower and completely efficient and up to code.

Chairman Representative David Monson: What sort of heating and energy?

(45:30) Mr. Bresciani: We have three forms of heating from our heat plant and we could use existing infrastructure.

Representative Mark Sanford: Could you outline the other funds on page 24?

(46:15) Bruce Bollinger: This would include local fund auxiliaries and general funds. So, it would come from salaries and dining costs.

(47:20) Chairman Representative David Monson: We were asking some of the other universities about their other funds, would you be able to provide a breakdown of where the other funds come from?

Mr. Bollinger: Yes, we could do that.

Representative Mark Sanford: Just a follow up; so the general funds contain the constitutional funds?

(48:20) Mr. Bresciani: That is correct. Returns to presenting the budget information on **page 29 of attachment 1**. Briefly outlines what can be found in the later pages of **attachment 1** and asks for any remaining questions.

(50:45) Representative Mark Sanford: We would like to have a little more detail relative to the research requests and process of exploratory and applied studies. That would be helpful to looking at the whole process.

Mr. Bresciani: The bill just got completed and absolutely we need to give you much more detail on that.

Chairman Representative David Monson: When you mentioned the flyover, that is what this is, just mainly hitting the highlights?

Mr. Bresciani: Yes, and we would love to come back and answer any more questions you may have.

(54:10) Jeff Volk: Introduces self to the committee and offers his private sector thoughts from his engineering firm perspective. As we work with communities, infrastructure is a huge thing we deal with. I urge legislature to look more into infrastructure from here on out because college campuses are basically mini towns that incorporate every level of infrastructure.

Mr. Volk: We want to continue to use the Challenge Grant because it was a great opportunity for individuals to step forward and match any money towards scholarships and really help make a difference.

(56:35) Mr. Volk: We hire many students from around the state and it is important for us to get students on track to graduate in 4 years and be ready to come to work as a field ready engineer.

Mr. Volk: It is also important to bring in out-of-state students for the expansion of in-state companies.

Chairman Representative David Monson: You are based in North Dakota?

Mr. Volk: Yes, we are based out of Fargo, but have offices in Minnesota.

(58:45) Representative Bob Martinson: Over 50% of NDSU students are already out-of-state. We have already appropriated maintenance funds; Dunbar Hall was being neglected over a long period of time.

Mr. Volk: I cannot comment on that building other than that it is many years old. It is difficult to run our business under a variable revenue model, so stability in funding brings much more profitability and structure for the parties involved. Thanks the committee and asks if there are any of questions.

(1:01:35) Mason Rademacher: Introduces self to committee and expresses support for HB 1003 and begins to present testimony from **attachment 2**. Outlines that the Challenge Fund, Open Educational Resources (OER) and Dunbar Hall are instrumental to students attending NDSU.

Mr. Rademacher: Dunbar Hall was originally constructed in 1963, but now lacks the fundamental structures to properly educate students. OER's are also extremely important in keeping college costs down for the students and has saved students up to $2.4M in just the last few years. We advocate for OER's to be a standalone fund and for $150,000 to be set aside for OER.

(1:05:30) Chairman Representative David Monson: If you have written testimony, could you please give a copy to our clerk?

Representative Mark Sanford: The students have been a major part of this OER process. You have invested in it heavily as a student body and my recollection is that many of the student officer campaigns is that OER works and has tremendous support from the student body.

Mr. Rademacher: Like I had mentioned, it is a tremendous resource for us and many other students across the state.

Chairman Representative David Monson: Any pushback from faculty members?

Mr. Rademacher: Only a little because many professors did not fully understand the usage of OER at the start, but they can now completely create and base their course off of these OER's.

(1:08:05) Representative Mike Nathe: My wife teaches OER's at Bismarck State College and their pushback is from the bookstore.

Mr. Bresciani: Thank you, I would like to introduce our interim State Forest Director.

(1:09:45) Tom Claeys: Interim State Forester. Introduces self to committee and expresses support for HB 1003. Gives a brief overview of the long-time State Forest Director that has recently retired and begins to present from **page 1 of attachment 3**.

(1:22:40) Mr. Claeys: Continues testimony on **page 7 of attachment 3** about the challenges the State Forest Service faces the future expected projects for conservation.

(1:26:30) Mr. Claeys: Expresses support for the proposed 4% and 4% salary increase and support for the Needs-based budgets.

Chairman Representative David Monson: These are to do repairs and maintenance?

Mr. Claeys: Correct, we have no capital projects, just renovations to the Lisbon office that needs some serious repair to the tune of $65,000.

Chairman Representative David Monson: Are there termites in North Dakota?

Mr. Claeys: To my knowledge, I do not believe termites have been discovered.

Chairman Representative David Monson: I think early on, about 50 years ago, there were termites found in Fargo.

(1:29:00) Chairman Representative David Monson: I wanted to ask about Aspen, would I be smart to burn out the trees I have?

Mr. Claeys: There are ways to regenerate Aspen trees, but that is not always the best way due to liability concerns, but it can be done.

Chairman Representative David Monson: It is a little standalone patch.

Mr. Claeys: Now would probably be the time.

Chairman Representative David Monson: Outdoor Heritage Fund, can you access that?

(1:30:30) Mr. Claeys: They manage the tree planting and we manage the windbreak renovation project and $1.8M has been available since 2015.

Representative Bob Martinson: Mr. Chairman, save those Aspen. Could you tell us the current status on Emerald Ash Borer research?

Mr. Claeys: Emerald Ash Borer is a concern and as it moves they are interested in deregulating that pest. Research is centered around stingless wasps that parasitizes the eggs. A lot of trips have been made to Asia in order to study these wasps.

Chairman Representative David Monson: I encourage you to be extremely careful to introducing something else, that is how we got the Emerald Ash Borer. Most of your budget is about 2/3 special funds, that source is?

Mr. Claeys: State private funds come through the US Forest Service.

Chairman Representative David Monson: And much of your money comes from tree sale?

Mr. Claeys: Our projected income from tree sales at Towner State Nursery is around $1M every year.

(1:33:20) Chairman Representative David Monson: Are you doing anything with peaches?

Mr. Claeys: I know an NDSU researcher has been working with peaches, but we deal mainly with conifers and I am not sure how palatable these peaches are. Continues to outline budget request on **page 9 of attachment 3**.

(1:35:10) Chairman Representative David Monson: You have operating carryover, it looks like in 2019 you had $425,000, but no carryover now by Governor's recommendation?

Mr. Claeys: We have not accounted for any carryover and that money was used as a one-time funding to combat Emerald Ash Borer.

Chairman Representative David Monson: On page 7, it looks like there is still carryover of $425,000 of general fund? That is gone with no intention to replace it?

Mr. Claeys: That identifies the $425,000 one-time funding project.

(1:37:10) Chairman Representative David Monson: We will take a short break and closes meeting.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee - Education and Environment Division
Roughrider Room, State Capitol

HB 1003
1/16/2019
30892

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Parker Oswald

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota university system; to amend and reenact section 54-44.1-11 of the North Dakota Century Code, relating to the cancellation of unexpended appropriations; and to provide for a transfer.

Minutes: Attachments 1-2

Chairman Representative David Monson: Calls the hearing back to order and introduces Minot State University (MiSU)

(1:45) Steve Shirley: President of Minot State University. Introduces self to committee and mentions that he will speed through attachment 1 and will also be presenting for Dakota College at Bottineau. Begins to outline the past biennium highlights from **page 1 of attachment 1**.

(4:45) Mr. Shirley: The Challenge Fund has been a huge help for MiSU and we have taken full advantage of that.

Representative Mike Schatz: Maybe you should wait for Representative Mike Nathe to come back, he was on that bill.

Mr. Shirley: I will be sure to thank him. Mentions that MiSU has been breaking its funding records the past few years and attributes it to help from the Challenge Grant. Continues on **page 1 of attachment 1**.

(11:15) Mr. Shirley: Thanks Trinity for all of their help fundraising and being active in the community and helping the college grow. Continues testimony on **page 2 of attachment 1**.

Mr. Shirley: We are second to only Dickinson State by 1% for highest in-state enrollment. Begins to outline the budget reduction impacts on **page 2 of attachment 1**.

(15:30) Mr. Shirley: We have eliminated the 3 Deans of the separate colleges for the school of business, college of education and health sciences and a college of arts and sciences.

Mr. Shirley: We have not cut any programs from MiSU, but if any former cuts were to be made we would have to cut programs or more staff.

(17:00) Chairman Representative David Monson: Have you had issues with the power failure in the past?

Mr. Shirley: We have not had any situation where we have lost power, but that is a potential life safety risk that if we were to sure something up, it would be the power supply.

Representative Mike Schatz: On the 4th bullet point of other facts on page 2, are they the same ones as the accredited programs?

Mr. Shirley: No, those are separate.

Representative Mike Schatz: What are the 9 areas?

(19:00) Mr. Shirley: I do not have that off the top of my head, but the main ones are management, business, information technology, computer information systems and various areas of education. Returns to audit information on **page 2 of attachment 1**.

(22:00) Chairman Representative David Monson: Are you looking at Williston State or Bottineau as a feeder?

Mr. Shirley: Yes, absolutely. We are sending a lot of representatives over there, but Williston State College (WSC) tuition model supplies essentially 2 years for free to where they would then come to MiSU afterwards.

Chairman Representative David Monson: Has this free first 2 years at WSC affected you?

Mr. Shirley: I do not have data to back it up, but it is certainly a competitive force and probably has some impact.

Chairman Representative David Monson: How about Canadian students?

(24:20) Mr. Shirley: Our Canadian students has basically been cut in half due to initiatives from Canada to keep their home grown youth in Canada?

Chairman Representative David Monson: Think that has to do with the exchange rate?

Mr. Shirley: It might have some impact, but I cannot say that there is a studied impact on it. Canada is incentivizing youth to stay in Canada for college.

(25:45) Chairman Representative David Monson: We had huge numbers of Canadians when I was in college because Canada did not offer many of the programs needed.

Mr. Shirley: We see a bulk of Canadian students in speech pathology because there is nothing in the middle of Canada where they can attend a university for that type of degree.

(27:05) Representative Bob Martinson: Have you considered to allow Canadians at par to fill those empty spots?

Mr. Shirley: I have not. I have been asked this before by Minot Regents Boards. We have one rate no matter where the student is from, so that is a rational for that.

Representative Mike Nathe: Anything where 13 credits or more are the same price, do you employ that model?

(28:30) Mr. Shirley: We do employ that model, but it was only for residential students. We are now allowing online students to access this rate, where before they had to pay extra online fees. Most of the online students are living in Minot already, but due to work and scheduling issues access these.

(29:45) Representative Mark Sanford: It seems that you really are regional in nature and depend on employment and population trends in the area. Quality has got to be a significant issue, but could you speak a bit about the online component?

Mr. Shirley: We do fit the mold of what a regional university is and we are proud of that. The jobs that were created due to oil in 2010 through 2012 had an effect on enrollment, so it is not strictly the flood that has decreased enrollment.

Mr. Shirley: You can look in a place like Watford City that usually graduates 70 or so from high school that now has over 200 in their kindergarten class. It is the same trend in many of the other western cities where we primarily get our students from.

(33:35) Mr. Shirley: We do not have the same percentage of students enrolled in online courses as some of the other universities, but we have been trying to make sure everything is ready on our campus before we dive too far into the online courses.

Representative Mark Sanford: All of the demographic trends have an impact on higher education, but more specifically regional universities.

Mr. Shirley: That is exactly correct. Continues presenting enrollment figures from **page 4 of attachment 1**.

(36:00) Chairman Representative David Monson: If you had a chart with 4-year graduate numbers, where would that be?

Mr. Shirley: It would be in the upper 20 percentages, but we do have students completing them in 5 or 6 years.

(36:55) Brent Winiger: Chief Financial Officer. Introduces self to committee and begins to outline the numerical budget figures on **page 6 of attachment 1**.

(41:25) Chairman Representative David Monson: What is the 22% cut?

Mr. Winiger: That goes back 2 biennia and the large cuts we have from them. Returns to outlining budgetary information from **page 6 of attachment 1**.

(44:10) Representative Mark Sanford: I want to note that Representative Bob Martinson and Representative Maragos stood up for Minot State University.

Mr. Winiger: I would like to thank you guys and it would be meaningful to us if that went through.

Mr. Shirley: I appreciate all of your support and thank you for your time.

Chairman Representative David Monson: Anyone else following you?

(46:45) Jerry Migler: Dean of the Dakota College of Bottineau (DCB). Introduces self to committee, expresses support for HB 1003 and the full funding of the Needs-based proposed budget. Begins to outline the general information of DCB from **page 1 of attachment 2**.

(49:40) Chairman Representative David Monson: Do you still utilize Trinity Health for their nursing services?

Mr. Migler: Yes, we utilize the support they provide and they provide a great partnership. We have around 50 students in the nursing fields and Trinity Health provides space and services for these and even funds.

Mr. Shirley: There is no more Trinity School of Nursing, it is our employees and students.

Chairman Representative David Monson: Do they every come to your campus, or are they always at their building?

(51:30) Mr. Migler: They are at their health facility most of the time and our students do go if we cannot provide some of the services and areas they need. We are also looking to move into more Career and Technical Education (CTE) courses and even recognize nursing as a CTE course due to the nature of 2 year degrees being enough to get these students a job right after degree completion.

(53:20) Chairman Representative David Monson: Did I hear you say adult farm management?

Mr. Migler: We have managers that deal with family farmers and it is related to the CTE programs.

Chairman Representative David Monson: How many students?

Mr. Migler: We have had some instructor transitions, we are currently at 90, but we are shooting for around 110.

(54:20) Representative Mark Sanford: Is the Minot Public Schools connection a dual credit program?

Mr. Migler: Yes, it can be dual credit and can be used towards CTE associate degree or certification programs in order to move into the workforce quickly.

Representative Mark Sanford: Are you imaging that you would deliver that on the High School campus?

Mr. Migler: Yes, we do envision that. Returns to outlining **page 1 of attachment 2**.

(1:03:25) Chairman Representative David Monson: How do you plan to deliver the new agriculture program?

Mr. Migler: Primarily through iTV, but we are still working out a few of the smaller details of that with Williston State.

(1:04:30) Chairman Representative David Monson: Where is that?

Mr. Migler: It is in Rugby.

Chairman Representative David Monson: Your enrollment is up quite substantially. Is this a record?

Mr. Migler: Yes, it is our all-time record enrollment. It has been consistent growth, but our challenge is how do we use resources. The implementation of CTE courses will be very important.

(1:06:20) Mr. Migler: Our hockey program is very successful and we have the most National Championships.

Chairman Representative David Monson: Does that help your Canadian enrollments?

Mr. Migler: We usually have 30-40 Canadians and around 40% of those are on the hockey team.

Chairman Representative David Monson: Does that affect Minot's Canadian enrollment?

Mr. Migler: Very possibly.

(1:07:45) Chairman Representative David Monson: Do you have any partnerships with Turtle Mountain Community College (TMCC).

Mr. Migler: Yes, we are helping them run their nursing college and getting that all set up. Our retention rate is an area of focus and we are lower than the other in-state 2-year colleges, but because we are a high transfer school, we do see a lot of early transfers. Continues to present written testimony from **page 4 of attachment 2.**

(1:11:00) Chairman Representative David Monson: Have previous budget cuts had an impact on retention rates?

Mr. Migler: It does not have a direct correlation, but online courses are not stressed at DC. We have been able to offset some of the cuts with higher enrollment.

Chairman Representative David Monson: What constitutes full-time for you?

Mr. Migler: Full time is considered to be 13-15 credits. Some of these students need to get caught up with developmental courses and they may not count towards graduation.

(1:13:35) Brent Winiger: Chief Financial Officer. Introduces self to committee and begins to outline the budgetary information found on **page 5 of attachment 2**.

(1:17:20) Mr. Migler: I would like to summarize the Capital Projects found on **page 7 of attachment 2**.

Chairman Representative David Monson: So your HVAC is mostly new?

Mr. Migler: Heated air is working, but air conditioning never existed there, but the duct work needs to be finished into the class room for the AC. This would also allow us to complete the lighting and the fire requirements.

Chairman Representative David Monson: How did that rank in the State Board and Higher Education?

(1:19:50) Mr. Migler: I believe that they were ranked 6 and 7, so they made the cutoff. Moves onto presenting the boiler project on **page 8 of attachment 2.**

Chairman Representative David Monson: This is at what temperature?

Mr. Migler: It would have to be in the below 0 teens for multiple days. This is why we have the request so we can upgrade the capacity of the boiler. It is 10 years old and getting to the age where it makes a concern for us.

Chairman Representative David Monson: Do you use ND lignite or out of Montana?

Mr. Migler: We have to use Montana coal to meet emission standards.

Chairman Representative David Monson: Can you sue natural gas or oil?

(1:22:40) Mr. Migler: We would be able to use oil. Returns to **page 8 of attachment 2** to outline the plans for the new and upgraded dining center.

Chairman Representative David Monson: And that bond would be a revenue bond and you would not need state funding?

Mr. Migler: Correct.

Chairman Representative David Monson: How do you accommodate handicapped students?

Mr. Migler: Meals were taken to them, but that is not an ideal fix.

(1:24:40) Mr. Shirley: The Minot State projects were ranked by the state board at 5 and 6 and the Bottineau projects were 7 and 8.

Chairman Representative David Monson: How did the dining center rank?

Mr. Migler: I do not believe they were ranked because it is not state funded.

Representative Mark Sanford: When the interim committee met at DCB, we did experience exactly what he talked about with the dining facility.

(1:26:05) Chairman Representative David Monson: I have made it up to DCB about 6 years ago and I did not remember. You may have problems by not having a handicapped accessible dining center.

Mr. Migler: That is what we are hoping to address.

Chairman Representative David Monson: Asks for any other presenters or questions.

(1:27:10) Chairman Representative David Monson: Calls a recess to the hearings and gives a brief overview of the afternoon schedule.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee - Education and Environment Division
Roughrider Room, State Capitol

HB 1003
1/16/2019
30940

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Parker Oswald

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota university system; to amend and reenact section 54-44.1-11 of the North Dakota Century Code, relating to the cancellation of unexpended appropriations; and to provide for a transfer.

Minutes: Attachments 1-5

Chairman Representative David Monson: Calls meeting to order and announces that every committee member is present. Opens the meeting by discussing the week's schedule for January 21-25 and January 28-February 1.

(4:45) John Miller: President of Williston State College (WSC). Introduces self to committee, thanks them for having Williston State in for a hearing and gives an overview of what can be found in **attachment 1**.

Mr. Miller: Explains that Williston State is a regional college with Career and Technical Education (CTE) programs among many other programs that they have. They have also expanded the nursing program to Tioga and have a few new students enrolled. Begins to explain the written testimony on **page 3 of attachment 1**.

(15:00) Mr. Miller: Outlines the community support and connections partnered with Williston State on **page 6 of attachment 1**.

(18:15) Chairman Representative David Monson: It looks like you had quite the drop from 805 full time employees (FTE) to 700 FTE's, why?

Mr. Miller: We were really focusing on retaining sophomores and there are about twice as many freshmen usually. So we started reaching out to sophomores about leaving and we focused very hard on sophomores and made sure they had the support they needed.

Chairman Representative David Monson: What class load constitutes full time?

Mr. Miller: A lot of our full time students on scholarship recognize up to 15 credits or more and any time they are above that 12 credit threshold recognizes them as full time.

Chairman Representative David Monson: What do they require to be full time for the scholarship?

Mr. Miller: You have to have above a 2.0 and maintain a certain amount of credits. There are other iterations to the scholarships as well.

(22:15) Representative Bob Martinson: Will you give a scholarship to someone who is only taking 9 credits?

Mr. Miller: No, the scholarships will not support a part-time student, but 10 credits could qualify. We have more part-time students in the spring because they enroll early while in High School.

Mr. Miller: Because 3 of those scholarship iterations are focused on targeting High School seniors, our average is exceptionally low for a community college.

(25:30) Representative Mark Sanford: Are the dual credits part of CTE or are there general education requirements?

Mr. Miller: They are general education usually, but we have welding and petroleum students and even diesel students in the past. It is a mix of both, but mostly general education.

(26:45) Chairman Representative David Monson: So if a HS junior or senior they would not qualify for the scholarship; they would have to be a HS graduate?

Mr. Miller: Correct, we have different iterations for those situations.

Chairman Representative David Monson: That could limit the amount of people doing dual credit. Could you see the scholarship as a detriment to dual credit?

Mr. Miller: I do not see it as a detriment, but you can see students leave after one year because after the dual credits are counted, they have pretty much finished their associate degree and are accelerating the four-year degree. Begins to explain retention rates on **page 10 of attachment 1**.

(31:50) Chairman Representative David Monson: Your adult learning center do not count as FTE's, right?

Mr. Miller: That is correct. The funding for that is actually tied to K-12 and not higher education.

Chairman Representative David Monson: You are the first one who has listed student peer tutors. Is this unique to Williston, or are others doing it?

Mr. Miller: I am guessing it is not unique to Williston and that others do it.

(33:15) Representative Mark Sanford: There's a request for Career Academy funding going around. You would potentially be the center for a career academy in your region. So how would you do that since the closes school is 42 miles away?

Mr. Miller: The superintendents originally did not want to bus students around due to the safety concerns with the oil boom, so distance technology and hubs would be the solution to that. Returns to **page 12 of attachment 1** to explain the scholarship funds.

(36:00) Chairman Representative David Monson: Do you do an adult agriculture program there?

Mr. Miller: Since we have an extension center, a lot of the adult education has gone one there. So we have not done much of it. Starts to present the budgetary breakdown on **page 13 of attachment 1**.

(39:25) Chairman Representative David Monson: What is the one-time funding formula?

Mr. Miller: It is tied in with the completion of the courses you offer and goes back a few years. If it pans out, we will have more dollars for that.

(41:35) Chairman Representative David Monson: Does the scholarship funds come through the special funds?

Mr. Miller: It comes from the other funds.

Representative Mark Sanford: In the formula, your weighted credits are now growing again and you are one of the institutions that stands to get more money.

Mr. Miller: Yes, that is correct. An increase in revenue and an increase in funding are the two points associated with this.

Representative Mark Sanford: Growing weighted credits has helped you.

(43:40) Mr. Miller: Yes, the increase in weighted credits have helped us out while making cuts. We thought you may have questions on the audit.

Chairman Representative David Monson: There are some findings there.

Mr. Miller: A couple of those findings go back a few biennia due to staff turnover and we are finally staffed to where we would like to be. We have made the adjustments needed in the audit areas, so we can get back on track with the audit practices.

Chairman Representative David Monson: Anyone else who was going to testify on behalf of WSC?

(46:15) Representative Mark Sanford: Does Williston High School house the site of a virtual CTE center?

Mr. Miller: No, I do not believe they have that technology. We actually provide some of our instructors to go there and some of their students come to us. It is a good way to expand our CTE students.

Representative Mark Sanford: When I look at the curriculum for CTE, if your professor worked with the WHS students and taught a college curriculum, would you give credit and is that available now?

Mr. Miller: Yes, they would receive credit for it and we have some of that going on now. For the example of welding, we have some labs that are well equipped like that in Trenton.

(48:50) Representative Mark Sanford: Calculus has been taught lately in high schools using the college curriculum and giving credit, but it has not been seen in CTE. Can you comment?

Mr. Miller: CTE has recognized industry leaders to help with this and we actually have more flexibility because we have members in the communities with 20-30 years of experience that could teach that in a HS setting.

Representative Mark Sanford: Does that bring any accreditation issues?

(50:40) Mr. Miller: They recognize life and industry experience as well as training and find it acceptable on the community college level. There is different credentialing between K-12 and higher education.

(51:35) Chairman Representative David Monson: We can either speed up or hit the out of town colleges first.

(52:05) Chancellor Mark Hagerott: Mr. Miller is being modest and they are asking for help and we have recognized this. This institution in the middle of oil country is very important and they do need help dealing with the issues. Offers support in favor of HB 1003 and the Needs-based budget proposal.

(1:00:30) Alan LaFave: President of Valley City State University (VCSU). Introduces self to committee and thanks the committee for allowing them to testify. Thanks the student and staff members who have also attended the hearing for HB 1003. Begins presenting written testimony on **page 2 of attachment 2**.

(1:07:15) Mr. LaFave: Outlines the steady increase in enrollment increase and that 2/3 of the enrolled students are ND residents and outlines the figures on **page 7 of attachment 2**.

(1:09:25) Julie Russel: Interim Assistant Vice President of Academic Affairs. Begins to describe the importance and usage of Open Educational Resources (OER) at VCSU and begins to present testimony from **page 10 of attachment 2**.

(1:12:00) Chairman Representative David Monson: I would expect VCSU to be the leader in OER due to the strong use of technology there.

(1:12:20) Mr. LaFave: Returns to the podium and begins to present **page 11 of attachment 2**.

Chairman Representative David Monson: Is the music program part of the CTE?

Mr. LaFave: No, that is part of the music degree and generally musical education.

Chairman Representative David Monson: How new is this program and music recording?

Ms. Russel: We now have that as a shaped program, but the last few years have been a mixture of this.

(1:15:45) Mr. LaFave: Returns to presenting the high-impact practices from the written testimony on **page 14 of attachment 2**.

(1:16:50) Paige Fettig: I graduated in May and this is my first year teaching and was hired right out of student teaching. I really enjoyed my time at VCSU and it prepared me very well for my future career as a teacher. VCSU had so many in house scholarships that helped me graduate debt free and the instructors were all very friendly.

Chairman Representative David Monson: What was your major?

Ms. Fettig: It was elementary education. I missed out on the substitute teaching preparation program and you actually get to go into a classroom and actually substitute teach.

(1:19:40) Mr. LaFave: I believe that this started in 2014 with the West Fargo schools. It allows the teachers to engage in professional development and allows the districts to save money by not having to hire and pay substitute teachers. Continues presenting on **page 15 of attachment 2**.

(1:22:30) Autumn Johnson: Student Senate President. The flexibility and extra help from VCSU has helped me reach where I am today. I urge you to support the Needs-based funding outlined in HB 1003. Thanks the committee.

Representative Mike Schatz: What do you do in the history club?

Ms. Johnson: A lot of trivia and pizza nights, a few trips to tour museums and a few other gatherings and hanging out.

(1:24:20) Mr. LaFave: Thanks Ms. Johnson and begins to present on the success of VCSU's athletic program on **page 17 of attachment 2**.

(1:27:50) Kirsten Baesler: Superintendent of Public Instruction. Introduces self to the committee, offers support for HB 1003 and begins to present written testimony from **attachment 3**.

(1:33:15) Representative Mike Nathe: My wife got her master's through VCSU as well.

(1:33:30) Mr. LaFave: Continues to present on **page 21 of attachment 2**.

(1:34:20) Wes Winch: Vice President for business affairs. Introduces self to committee and begins to present the financials starting on **page 23 of attachment 2**.

Representative Mike Nathe: So the 4% increase, does that include straight salary or benefits too?

Mr. Winch: I believe that is just salary. Returns to presenting on **page 23 of attachment 2**.

Chairman Representative David Monson: That music building is $3.9M?

Mr. Winch: Correct. We are supposed to raise $1M and they funded $2.9M.

(1:37:15) Chairman Representative David Monson: The heat plant generates revenue, how is that working out?

Mr. Winch: That was created to heat the campus and the other piece is activated carbons and we are working on that and it is currently not done or has not generated revenue. The bonding has not been completed.

Chairman Representative David Monson: How much will that be and when is it finished?

Mr. Winch: The authorization is up to $22.5M and it will take about 2 years to build.

Chairman Representative David Monson: And that will be a revenue bond?

Representative Bob Martinson: What is the problem with the revenue bonds?

Mr. Winch: There is no problem, but when working with our bond council they requested to deal with an outside bond feasibility study and that study is underway.

Chairman Representative David Monson: Will you need carryover authority if it is not done by the end of this biennium?

(1:39:30) Mr. Winch: We believe it will be done by June of this year.

Chairman Representative David Monson: Maybe we will want to give you authority to carry that over just in case you run into a snag with that.

Mr. Winch: Continues presenting on **page 24 of attachment 2**.

(1:41:50) Representative Mark Sanford: Any debt?

Mr. Winch: We do have some debt in our auxiliaries, we have around $5M in revenue bonds for our residential work.

Chairman Representative David Monson: Revenue is greater than the payments then?

Mr. Winch: Yes, that is correct. Resumes presenting the financials on **page 27 of attachment 2**.

(1:43:35) Mr. LaFave: Returns to the podium and begins to present on the investment in infrastructure on **page 29 of attachment 2**.

Chairman Representative David Monson: Are you still using Foss Hall?

Mr. LaFave: Yes.

Chairman Representative David Monson: Would it be torn down immediately?

Mr. LaFave: It is structurally fine, but in the flood zone and it would be torn down when the new one is finished.

(1:46:20) Representative Mark Sanford: We do not have access to clarification for the amount that is being suggested. I would like to have us think about the justification for these processes.

Chairman Representative David Monson: As I understand this plan, your new building would actually take the place of two buildings and the two buildings would be taken down?

Mr. LaFave: That is correct. We would be open to any information.

Chairman Representative David Monson: What would the difference in costs be from the Governor's proposal?

Mr. LaFave: The difference would be around $30M if we only did the renovations and not build the new one.

(1:49:00) Chairman Representative David Monson: If you cannot use Foss Hall, it makes no sense to renovate it.

Mr. LaFave: We appreciate your thoughtfulness and consideration. I will finish up presenting and return to **page 32 of attachment 2**. Offers support for the Needs-based budget and HB 1003.

Chairman Representative David Monson: If you did not get a chance to testify, you can sign in the sheet and hand in your attachments.

(1:54:20) Brian Van Horn: President of Mayville State University. Introduces self to committee and thanks the committee for the support. Expresses support in favor of the Needs-based budget proposal and HB 1003. Begins to outline **page 2 of attachment 4**. (Microphone was not on, but the recording only missed Mr. Van Horn's personal introduction).

Chairman Representative David Monson: Are you changing a lot of your programs or not yet?

Mr. Van Horn: We have not yet.

Chairman Representative David Monson: Are you offering some that should be dropped?

Mr. Van Horn: I will speak to that shortly. Returns to presenting **attachment 4**.

(2:03:30) Chairman Representative David Monson: The 72% of people staying in ND after graduating is a very nice thing to see.

Mr. Van Horn: We appreciate that acknowledgment. Returns to presenting about the figures from **attachment 4**.

Chairman Representative David Monson: From Williams County, are a lot of them coming from Williston State as transfers?

Mr. Van Horn: From our assessment, I think so. Continues on **page 2 of attachment 4**.

Chairman Representative David Monson: I want to backup, you have 63% of all residents are ND residents, that may be good and bad. Are you doing a good job of recruiting Minnesota kids?

(2:08:15) Mr. Van Horn: Yes, we get a lot of Minnesota students from rural and urban communities. Moves on to new innovative initiatives on **page 3 of attachment 4**.

(2:12:55) Chairman Representative David Monson: We have worked with Established Program to Stimulate Competitive Research (EPSCoR) and you are the only one who has mentioned it. Mr. Cronquist, can you add this to the list?

Mr. Van Horn: It is not on every grant application for UND and NDSU, but they need a rural subcontract and we serve as that subcontract and they could not receive some of the funding they do without us. Moves on to page 4 about financials in **attachment 4**.

(2:16:00) Representative Mark Sanford: The appropriations and tuition and fees would be the heart and the auxiliary would be complement like dining and housing; so what would make up the rest?

Mr. Van Horn: Box office sales or anything along the lines of fees not related to tuition and the fees associated with that. Thanks Representative Mike Nathe for putting together the Challenge Grant. Returns to **page 4 of attachment 4.**

(2:19:25) Mr. Van Horn: Begins to present the appropriation funding request on **page 6 of attachment 4**.

Mr. Van Horn: We were given a title 3 grant from the US Department of Education for $2.3M to be paid over course of 5 years and was accessible starting on October 1st of 2018. Continues to present on **page 6 of attachment 4**.

(2:25:00) Mr. Van Horn: We ask that you continue you funding because we have grown for many straight years. Our faculty and staff have not had a pay increase in the last 4 years, so we support the 4% and 4% salary increase.

Chairman Representative David Monson: You have lost half of your staff? Have they been replaced?

Mr. Van Horn: Yes, it was turnover due to budget cuts and salary stagnation. Decreases and turnover in staff can lead to culture and tradition change. The $400,000 in optional requests would be used for lighting, roofs and added security and it was in the top for the state requests. Continues presenting on the budget funding on **page 7 of attachment 4**.

Chairman Representative David Monson: I see you have health insurance increase here, some of the others did not have insurance incorporated. Am I missing retirement or anything?

(2:29:35) Jami Hovet: Vice President for Business Affairs. They are from the Governor's executive recommended budget.

Alex Cronquist: Some of the campuses have not spoken to the Governor's recommendation, but to the needs-based budget.

(2:30:20) Mr. Van Horn: Returns to written testimony to outline a few highlight stories on **page 8 of attachment 4**.

Mr. Van Horn: In closing, I would ask that you do not forget about us as a smaller university. We are niche market and we would appreciate the Needs-based budget and the salary increases. Thank you.

(2:33:00) Larry Skogen: President of Bismarck State College (BSC). Introduces self and jumps right into **attachment 5 on page 2** and discusses the budget request for Bismarck State College.

Chairman Representative David Monson: We did hear about the ND workforce council.

(2:38:00) Mr. Skogen: We do have a need for a tuition increase to finance staffing increase. Continues to present on **page 7 of attachment 5**.

(2:40:30) Chairman Representative David Monson: Do you have to give that money back to TrainND?

Mr. Skogen: They do intend for us to make a profit. They develop programs and sell them for a profit. TrainND gets the profit, but was paid for by the trend grant.

Representative Mark Sanford: Does TrainND make money?

Mr. Skogen: Yes, and so have we. We make money on the training we offer and TrainND also makes money.

Representative Mark Sanford: What was the state support level?

Mr. Skogen: It was around $2M for the last biennium and it is divided by the amount of businesses in each region, so for BSC it was about $522,000 that we got out of that. That is to help cover overhead costs. The companies pay for the training, the colleges house the training and then the businesses use TrainND.

(2:42:30) Mr. Skogen: We are very supportive of TrainND and our partnership with them.

Chairman Representative David Monson: Alex, can you remind us to look over TrainND.

Mr. Skogen: Explains the student profile on **page 10 of attachment 5**.

Chairman Representative David Monson: What degrees are you junior and seniors pursuing?

(2:43:50) Mr. Skogen: They are in a bachelor of applied science in energy management. Our 2nd that is about to come online is a bachelor in cyber security. We do have an approval for a 3rd and it is a bachelor degree of applied science in geomatics.

Chairman Representative David Monson: No one else offers this in the state?

Mr. Skogen: We are the only one in the state who offers this program. Moves onto presenting **page 11 of attachment 5**.

Chairman Representative David Monson: They are able to make use of the GI bill and you can give them credit for their service area?

(2:46:50) Mr. Skogen: Yes, absolutely. We can offer them credit based on their military-based experience and the positions they held based on their expertise and desired degree field. We do everything we can to help out the veterans and the military folks.

Mr. Skogen: Explains the graduation and retention rates on **page 12 of attachment 5**.

(2:54:10) Mr. Skogen: Continues presenting written testimony on **page 20 of attachment 5**.

(2:55:50) Chairman Representative David Monson: We appreciate that you are the model for collaborative facilities and that you did that with your own money.

Mr. Skogen: Continues to explain the collaborative programs on **page 25 of attachment 5**.

Chairman Representative David Monson: You do not think you can renew the lease?

Representative Bob Martinson: University of Mary holds the lease and has permission to tear down the nursing building and build a new one.

(2:58:00) Mr. Skogen: Moves on to **page 28 of attachment 5**. We are right now in negotiations in Pakistan to continue moving forward with our Cyber Security programs similar to the one in Saudi Arabia.

Mr. Skogen: We love to thank the committee for their help in creating the beautiful campus and our innovative system.

(3:01:20) Mr. Morton: Thanks Mr. Skogen and gives thanks to the other universities for testifying.

Chairman Representative David Monson: You will have to get creative to find that other $21M.

Mr. Skogen: Thanks the committee and finishes presentation.

(3:02:15) Chairman Representative David Monson: Overview of schedule for Thursday, January 17th and closes the hearing.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee - Education and Environment Division
Roughrider Room, State Capitol

HB 1003
1/17/2019
30954

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Parker Oswald

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota university system; to amend and reenact section 54-44.1-11 of the North Dakota Century Code, relating to the cancellation of unexpended appropriations; and to provide for a transfer.

Minutes: Attachment 1

Chairman Representative David Monson: Gavels in and clerk takes attendance.

(1:15) Chancellor Mark Hagerott: Thanks the committee for all the support so far.

(1:55) Tammy Dolan: Introduces self and jumps right into **page 2 of attachment 1**.

Ms. Dolan: The system office did have the same cuts as the other higher education areas and there was another $2M cut last biennium.

Vice Chairman Representative Jim Schmidt: Was it a cut in your budget or what you had requested?

Ms. Dolan: It was a cut in the budget and reduced from $9M to $7M and we had to cut positions.

(6:20) Chairman Representative David Monson: What year was the high baseline?

Ms. Dolan: I would say around 2013. The Attorney system office moved to the Attorney General's office.

Chairman Representative David Monson: So there were true cuts, but also positions moved that you were no longer responsible for.

Vice Chairman Representative Jim Schmidt: You lost folks you no longer have to pay for, so we cut them out, what was the cut?

Ms. Dolan: That is the $2M I am meaning.

(8:00) Representative Mark Sanford: Are you receiving value from the transfer position?

Ms. Dolan: Yes, we are receiving the same help from them in their new locations.

Representative Mark Sanford: Do you have access to the full range of or just performance?

Ms. Dolan: We receive just the performance audit. The board felt very strongly that we have an internal audit on site. We have added a few new positions and that was partially funded through you last biennium. **Returns to page 2 of attachment 1**.

(12:55) Chairman Representative David Monson: You core technology services on page 2, do you still have your own Information Technology (IT) people?

Ms. Dolan: We partner for somethings, but we have our own core people and there are some IT people on campuses. Returns to presenting on **page 7 of attachment 1**.

(16:35) Chairman Representative David Monson: So this is something new and would cost $100,000 to start up and $50,000 to keep going?

Ms. Dolan: Yes, that is correct.

Vice Chairman Representative Jim Schmidt: Would this not apply to Job Service?

Ms. Dolan: Job Service would have control.

Vice Chairman Representative Jim Schmidt: Should we not just have Job Service do this?

Ms. Dolan: I am unaware of the proposal by them, but we would be willing to work with them.

(17:35) Chairman Representative David Monson: But you are coordinating with Job Service?

Ms. Dolan: I can check on that for you. Returns to **page 7 of attachment 1**.

(20:20) Representative Mike Nathe: You talk about future cost savings, any projections on what that would save per year or biennium?

Ms. Dolan: This came in just this summer and have not had time to study the research UND did, but around 5-7 years.

Chairman Representative David Monson: How do the campuses procure their supplies and what would they buy through this system?

Ms. Dolan: The smaller campuses work very closely with the procurement office. We do use this and have been increasing the usage. The larger campuses have dedicated procurement divisions, so they use the state contracts, there are other contracts we use for things like food and science technology. Each institution has procurement contracts that they have entered as well.

(23:20) Ms. Dolan: Payroll management is a big thing in core technology and UND have more in-depth expertise than we could. NDSU has Wahpeton and

Chairman Representative David Monson: So they are doing good work, but OMB has our state procurement system and you would go outside of that and start your own?

Ms. Dolan: This could be a statewide program and we would still use OMB.

Vice Chairman Representative Jim Schmidt: I think it is a great idea and I would like to see further cost savings of NDSU using all of it. It would make sense to have it all in one place and would save time in money.

(25:20) Ms. Dolan: Yes, we are doing that exploration and trying those areas and seeing if it would make sense to have it in one area or maybe a hub of NDSU and UND.

Chairman Representative David Monson: If you are going to save a lot of money, it should not be exclusive to all universities, but also include other agencies as well.

(26:45) Ms. Dolan: We would like that because we already partner with a lot of different agencies and could see that working well. Begins to present **page 8 of attachment 1**.

(29:35) Chairman Representative David Monson: It was a few years ago where we were trying to find room for all of the full time employees (FTE). Are you looking to add FTE's and where would they stay?

Ms. Dolan: We used to use the Horizon building at BSC and when we eliminated that lease when we took on all of the cuts. We moved that back to the judicial wing of the Capitol and there is some extra room there. Our main floor is the 10th floor, but we could do that in our current budget.

Representative Bob Martinson: You know we are going to ask for priorities.

Ms. Dolan: We did make a priority list.

Representative Bob Martinson: Is the priority list all of them?

Ms. Dolan: They are all listed by priority.

(31:15) Representative Bob Martinson: What is the highest figure?

Ms. Dolan: I will just let you read it. Returns to the optional adjustments on **page 8 of attachment 1**.

(33:05) Vice Chairman Representative Jim Schmidt: We did not think we were getting any benefit from being in the Midwestern Higher Education Compact (MHEC).

Ms. Dolan: They are called optional because of how we have to submit them through I-bars.

Representative Bob Martinson: The law required us to put money into the MHEC, but we would have left if possible.

Chairman Representative David Monson: What benefit do we get from MHEC?

Ms. Dolan: We have Western Interstate Commission for Higher Education (WICHE) and MHEC, the total of those benefits and savings for students who pay lower rates out-of-state, technology contracts state-wide and MHEC contracts our student health insurance. The totals are around a $15M savings for MHEC and $20M savings for WICHE.

(35:45) Chairman Representative David Monson: The $230,000 is saving us $15M and $20M?

Ms. Dolan: It also insures our students, but I can get you a complete breakdown.

Chairman Representative David Monson: Where would we get the student insurance?

Ms. Dolan: We did find another option and the company agreed to it.

(36:50) Representative Bob Martinson: I talked to WICHE people last session and they said they would happily take over the insurance.

Ms. Dolan: WICHE would definitely be the option.

Chairman Representative David Monson: Could you get us a breakdown?

Chairman Representative David Monson: We would prefer that.

(38:05) Representative Mark Sanford: Maybe she can give us that I-bar training.

Ms. Dolan: Returns to **page 8 of attachment 2** to describe the last two optional adjustment requests.

(39:45) Chairman Representative David Monson: Eliminating the campus assessment, so we give you $300,000 and have to go back to the campuses and eliminate from them. There would be no savings.

Ms. Dolan: They could use that $300,000 for educational expenses rather than oversite costs. Explains **page 9 of attachment 1** and asks for any questions.

(41:10) Representative Mike Nathe: The digitation project will be done whether we do the library or not?

Ms. Dolan: Yes, that has been going on and is separate.

Representative Mark Sanford: Do we have an estimate long term on what it would take to finish this?

(42:15) Ms. Dolan: I did ask President Mitzel to get those for us after Dickinson State presented, but I will get back to you with Dr. Mitzel's numbers.

Representative Bob Martinson: Senator Wardner has around $10-15M in endowment for Dickinson State in his bill, so it would be around 7-10 years.

Chairman Representative David Monson: That $750,000 sounds cheaper than the $10M.

Representative Bob Martinson: If they take the interest and then the money is returned to the state, we really only lose the interest on that money.

(44:00) Chairman Representative David Monson: There is a chance that bill will not go anywhere.

Chairman Representative David Monson: That is all for the next biennium and if we give them $250,000 they only have 1 person doing it and it takes even longer.

Vice Chairman Representative Jim Schmidt: Representative Bob Martinson said 10 years, why do you list it as a one-time when you know it will come up again?

Ms. Dolan: We have to submit it that way.

(45:35) Chairman Representative David Monson: We like it as one-time so it does not get buried in the base funding.

Representative Bob Martinson: Do those bills include the one-time funding from last time?

Legislative Council: They are not a part of the baseline funding; they are deducted from last biennium's budget.

Representative Bob Martinson: That just becomes semantics.

Chairman Representative David Monson: At least they have to ask us for it, but the one-time funding things we did 10 years ago are now in the base budget.

(47:30) Chairman Representative David Monson: When I was first on this committee, I was assigned UND and Representative Carlson would get NDSU and he would have to count every paperclip used by NDSU.

Ms. Dolan: I just want to thank you and I know you have had a long few days hearing about Higher Education.

Chairman Representative David Monson: Did you start off in Legislative Council or OMB?

Ms. Dolan: I was WSI's financial officer.

Chairman Representative David Monson: We had a pretty good relationship when you were in OMB.

(49:00) Ms. Dolan: You guys are my favorite committee.

(49:25) Chancellor Mark Hagerott: Vice Chairman Representative Jim Schmidt had a question on page 5 about the Governor not funding the digitization, it is actually $850,000 ongoing, not the $5.7M. This was based from the study you guys requested. NDSU is the lead, UND follows his lead, we are trying to economize and it is absolutely crucial to have these digital scientists.

(51:00) Chairman Representative David Monson: Any other questions committee?

(51:20) Chairman Representative David Monson: Closes the hearing on HB 1003 and gives a brief overview of when we will be returning to HB 1003.

Representative Bob Martinson: Are we going to go campus by campus and finishing each before moving on?

Chairman Representative David Monson: We almost have to go campus by campus I think, but the system office will be a windup of the whole thing. We should do 2-3 campuses a day, at least for the smaller ones and probably a full day at least for the larger ones like UND and NDSU.

Chairman Representative David Monson: We do not usually do subcommittees to split up the schools. We do not have that kind of time to breakdown everything and see what can be lived without because the budgets have gotten so big. We will probably have to use the full committee.

(56:20) Representative Mark Sanford: Seriously, I think there a couple of factors and one is that this system has responded to a bunch of reductions and I think they have done it internally. I guess I have the feeling that it is the best way to do it, so bringing it down a little bit, but start with compensation packages and that drives a lot of what else is discretionary and shows what you have left. The compensation overview can guide us.

Chairman Representative David Monson: I have been pushing Representative Delzer to guide us a little. We may need to cooperate with the senate side a little bit. We do not want to give one agency a lot more than what our counterparts in Human Services is giving.

(59:30) Chairman Representative David Monson: We at least have a formula now, but I think one thing we should discuss is are we going to do anything differently with that formula to make it better and more fair. My feeling is that the formula has taken away all of the things I did 20 years ago, which is a wonderful thing.

(1:00:30) Representative Mark Sanford: That is right on and the formula helps to determine it. This is the one agency that has a starting point and the Governor's recommendation, but we can use last time's numbers. That formula fits, if they have more credits they get more and the other way around.

(1:02:25) Chairman Representative David Monson: Does anyone find anything that we have to change in this formula or can we all agree that this is a really good spot to start?

Representative Bob Martinson: I don't like the formula, they did not start at $0, they started at $1. The formula does not work at Wahpeton compared to a bigger school.

Chairman Representative David Monson: How should we do it?

Representative Bob Martinson: There is a resolution going through to review the formula.

Chairman Representative David Monson: You are right, we started with the warts of the formula and we did not remove them.

(1:04:30) Representative Bob Martinson: If you overload the formula, what good is it?

Chairman Representative David Monson: We can't possibly overhaul the formula in this committee that fast, but we can make tweaks. It is like poking a water balloon, it will make a ripple somewhere else.

(1:06:35) Representative Mark Sanford: I am going to change the subject a little, it is part of the consideration for appropriations on Higher Education that 2 sessions ago we took $11M and brought it over to make it fit. That money was designated for repairs and set is aside for each campus to compete for it and it had to be dedicated to repairs and infrastructure. The campuses have utilized it and it certainly is not significant enough, but it is a model for campuses to find funding for bigger projects.

Representative Mark Sanford: We had roofs and windows billed for 20 years, and cosmetics were 10 years. We had to plan for that and find the funding for that. We had building funds and internal savings. The next option was turning to the public. My analogy is if you put something like that in higher education, we have this money that is available for major projects and you will have to find ways to participate. We have had to bond and other times we could use cash.

(1:11:10) Representative Mark Sanford: If they had an option other than bonding, like a set standard for deferred maintenance. We need to think of a model for bigger projects because you cannot bond or pay cash to get through all of this. This would be much more manageable if they had a set way to get this funded.

Chairman Representative David Monson: Your assignment is to bring us more details. We need to set some parameters on where these funds come from and how much each time.

Representative Mark Sanford: I do not have quite that level of detail yet. The local level would be found in the operating budget. Our school system had a building fund.

(1:14:50) Chairman Representative David Monson: These guys do not have a building fund.

Representative Mark Sanford: Exactly. Valley City could start selling their byproducts and would have an entrepreneurial way to have revolving funds.

(1:15:30) Representative Mike Nathe: Is that similar to Senator Scaible's bill for school funding?

Representative Mark Sanford: Something with a shorter bond length than 20-30 years.

Representative Mike Nathe: A revolving loan fund that has a shorter time frame.

Representative Mark Sanford: You can give homework to everybody.

(1:16:50) Chairman Representative David Monson: I mentioned subcommittees and as long as we don't have a quorum, we do not have to tie up the clerk and make him take notes over the whole thing. We need to be transparent and find a way to do major things.

(1:18:15) Representative Mike Nathe: In interest of time, Representative Mark Sanford could get all of that information like he is preparing a bill and then present it to us and we can all make that final decision.

Chairman Representative David Monson: At some point we will have to see all of the details.

Representative Mike Nathe: Senator Schaible has been spending a lot of time and a lot of that legwork has actually already been worked out by that bonding bill. So Representative Mark Sanford could do his tweaks.

(1:20:20) Chairman Representative David Monson: The audience is hearing this conversation, if you have ideas we are open for suggestions. You mentioned bonding and there are things I have heard the last few days that could still fit revenue bonds. Bottineau cannot take much debt, but when the cafeteria is not wheelchair accessible, we are just basically waiting for a lawsuit and that one would fit a revenue bond.

Representative Mark Sanford: That is a perfect example. They have an issue and they have a way to handle it, all we need to do is authorize that. The key thing is they have a revenue source to pay that back. These are auxiliary facilities with repayment options.

Chairman Representative David Monson: It is kind of deferred maintenance. They probably have the ability to make these bond payments without dipping into the pool and just save the pool as the safety net.

(1:23:45) Representative Mike Nathe: Did I hear that VCSU is paying their bond payments?

Chairman Representative David Monson: VCSU is going to have revenue coming from the sale of their activated charcoal. Will it generate enough for all of their other projects? I do not know, but it should be a constant revenue stream from services sold.

Representative Tracy Boe: How large of a pot are we envisioning for this revolving fund.

(1:25:30) Chairman Representative David Monson: How big of a pool can we find?

Representative Tracy Boe: How big does it need to be?

Representative Mark Sanford: If you take a look at the list the board of higher education has put together, the first few are large and the ones beyond that are much smaller. If you get over the hump of VCSU and Dunbar, you could clean a lot of things off of that list and have a model going forward.

(1:27:15) Representative Tracy Boe: So we would be looking at what would qualify for this fund and what would not?

Representative Mark Sanford: Yes, like that $11M fund was for smaller projects and every school has been able to access that and get their match, but it would be the next level that leads to new buildings.

Representative Mike Nathe: We had a bonding piece that is now a separate bill that they are making to look it bigger. The interest rates are low and it is extremely cheap right now and it would be an attractive tool to do this. The rates are historically low, so there is a big market for these bonds and we could talk to the Bank of North Dakota about this.

(1:29:40) Chairman Representative David Monson: I am not a huge fan of bonding. If they back these bonds and are not making much of a profit, they may be less willing. I think some of these projects could be bonded on a public market. Sheila, can you put together a list of all the different projects that are in HB 1003, whether they are funded from OMB or on the list from the system office. We could wipe out a lot of smaller ones.

Representative Mike Nathe: Being concerned about the profits for Bank of ND, but they would be in the $200M range and would more than cover their costs. If they are ok doing it at this rate, then I say do it especially if they can do this bonding at such a low rate. That is why Senators Wardner and Schaible has their bonding bills.

Chairman Representative David Monson: We have to realize there are a lot of people and projects across a whole lot of agencies.

Representative Mike Nathe: Well there would be a limit with prioritization listed.

(1:34:00) Chairman Representative David Monson: I am just cautioning you.

Representative Mike Nathe: We are already doing it for the cities and there are a lot more cities than schools and it is being used. There is a huge demand for it.

Chairman Representative David Monson: The Legislative Council list, could you mark which would have a revenue stream coming in. I would make those pretty high up.

(1:35:25) Representative Bob Martinson: Bottineau probably cannot make the payments on the bonds.

Chairman Representative David Monson: Yes, good point. I think that is one that could work and we would need reassurance that they could make those payments.

Representative Mark Sanford: What I am talking about would be non-auxiliary funds. I am not talking about dorms and food service; I am talking about instructional facilities.

(1:36:50) Representative Tracy Boe: We need to put Bank of ND on the list and get them in here.

Chairman Representative David Monson: Nothing special on the list for tomorrow morning, maybe get someone in from the Bank of ND tomorrow morning. You probably have them in your phone and could call them quickly. We have not bonded for a long time and it would be nice if we did not have to go down that route for a while.

Chairman Representative David Monson: Bonding for an asset with a revenue stream is worth it. We don't want new items, just things that have already been talked about.

Chairman Representative David Monson: Any other ideas or comments? This will be our meeting tomorrow morning.

(1:41:10) Chairman Representative David Monson: Outlines the schedule for this afternoon and closes meeting.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee - Education and Environment Division
Roughrider Room, State Capitol

HB 1003
1/18/2019
31035

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Parker Oswald

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota university system; to amend and reenact section 54-44.1-11 of the North Dakota Century Code, relating to the cancellation of unexpended appropriations; and to provide for a transfer.

Minutes: Attachments 1-3

Chairman Representative David Monson: Calls meeting to order and clerk takes attendance. Gives an overview of the schedule for 1/18/2019 and introduces the North Dakota State University students observing in the audience.

Chairman Representative David Monson: Yesterday we talked about how we could fund the bigger projects at these universities. We mentioned revenue bonds, but Ms. Dolan said that even with an increase in enrollment, Bottineau is facing an uphill battle even with using a revenue bond.

(2:25) Chairman Representative David Monson: Representative Mark Sanford has been working on a pool to create a model for some of these projects and see what kind of room we would have to get some of these things done. Do you want to share enough to give Karlene Fine and Eric Hardmeyer an idea?

(3:25) Representative Mark Sanford: When it comes to facility work in higher education, they do not have the room to work like the K-12 does with capital projects. Most districts have a fund that can be used to bond against, borrow from or even go to the public to get funds, which is my least favorite because it is very uncertain.

Representative Mark Sanford: The list of projects is getting longer, if we have cash we would pay cash and we have not done bonds for a while. We have 22 projects that the board of higher education has on their list and a lot of the ones in the $1-5M range probably will not get done.

Representative Mark Sanford: We would use our building fund in K-12 to pay back the bonds. We are trying to develop a higher education building fund and it would probably require access to bonds or lower interest loans. A vehicle we could use as a building fund.

(6:10) Representative Mark Sanford: For example, in the formula we had $11M in deferred maintenance budget to get a few of the projects done that all colleges had access to. The simple thing would be to build in a percentage to the formula that gives them access to building funds.

(8:05) Representative Mark Sanford: How we get access to low interest loans that they can use to finish the projects?

(8:50) Eric Hardmeyer: President of the Bank of North Dakota. We have had chats with the presidents of these universities for the funding of these large projects and that it is in the range of $150-200M. They came to us a few months ago to find ways to finance this.

Mr. Hardmeyer: They wanted a loan if they could provide a dedicated revenue source. So, we considered that, but the Bank of North Dakota long term loan system would be a little bit too expensive for them to pay back in terms of their funding source.

(10:20) Mr. Hardmeyer: The building authority was used to build dorms and can be used for their needs. The market rates today are in the range of 4% to 4.5% and I am not sure if they would qualify for tax exemption. There is bonding going on in other areas of the legislature for projects involving infrastructure and K-12. We have explored the option of issuing bonds and have had these discussions.

(12:00) Chairman Representative David Monson: How long would these loans be?

Mr. Hardmeyer: We could make them a long term loan for 20-30 years, but where we get into issues is the deposits and funding is not long term for these. A fixed rate loan for $168M is too much of a hit for us to commit to.

Chairman Representative David Monson: We have put pressure on you in the past to take a risky loan, which I do not like doing. We have expected you to make profits and if you do this for 1-2% you may lose money and there is less to use in the future.

(13:55) Representative Mark Sanford: What I was thinking is shorter term. The way things are changing right now, we do not want to get ourselves tied up too far beyond a decade. I was thinking something that would be revolving and renew itself after a decade.

Representative Mark Sanford: When we bond or pay cash, which we have $40M and that only takes care of one project. If this could be revolving and renewable, it all of a sudden becomes more and more valuable.

Mr. Hardmeyer: I think you are discussing something in play like a revolving loan fund that can be used and revolving where they pull from the pool and put the funds back in. It is dedicated for certain things that you want to accomplish.

(16:10) Mr. Hardmeyer: K-12 school construction is similar to Senator Schaible's bill and he is looking to use the portion of funding to set up a revolving fun as a payment source. His would raise $250M and would be a revolving fund.

(17:00) Vice Chairman Representative Jim Schmidt: At 1.5% interest, how quickly does it raise the money back or would you have to raise the rate to generate enough?

Mr. Hardmeyer: If you have $100M and you use 1.5%, that is only $1.5M, but the principle payments are all back loaded and the interest is at the front. It would take a little bit and be back loaded, but to start it would be interest and small principle payments.

(19:00) Vice Chairman Representative Jim Schmidt: Revolving will not help out much?

Mr. Hardmeyer: Not right away, but the needs in 5 years may not be as dire as they are now to fund.

(20:00) Representative Bob Martinson: There is no risk to the Bank of North Dakota because the state will guarantee it, but the projects with borrowed money have to have revenue generated in order to pay back. Ask how much state money has been put into research and what the returns have been.

Representative Bob Martinson: If we do this, we have to guarantee the loan and with that kind of interest it will take forever and the state will have to step in and pay it.

Chairman Representative David Monson: We cannot expect the 1.5% to fill the pot as fast as these campuses will find needs and wants. We may have a way to keep filling this pool if there is legacy fund income or something along those lines.

(21:50) Chairman Representative David Monson: This could be a $1B pool they would need in my lifetime because building costs keep rising and we need to have some skin in the game from these campuses so they don't go off the deep end and keep asking for things. A trigger that if it is so big, they have to match or something.

Chairman Representative David Monson: I also do not think these smaller colleges could do much, but the bigger ones could maybe even shy away from these.

(23:20) Representative Mark Sanford: All I know is that what we have does not work and the hill gets steeper and a lot higher. We cannot continue doing what we are doing or we will just lose our investment. The campuses would have to find a way to contribute to this. We were hoping that some of the experts here could help us find a way to get this done.

Representative Mark Sanford: There is no encouragement for long term planning and you have to hope the right legislatures are in place to get a good funding bill.

Chairman Representative David Monson: Anything to add Mr. Hardmeyer? You kind of verified what I had in mind that the Bank of North Dakota has assets and you cannot just do this without making a profit or just give us money from your profits.

(26:00) Mr. Hardmeyer: We are also being asked to fund other state programs with a price tag of $268M. We have to finance government and economic development and our major mission is to finance projects around the state?

Chairman Representative David Monson: Do you see any chance to help finance?

Mr. Hardmeyer: I could see Bank of North Dakota getting involved in some areas, but there are other avenues like bonds issued and there are various ways we could attack this problem.

(27:30) Representative Mark Sanford: It seems the revolving loan funds has its short comings, but also has some potential to move the needle faster than we do now.

Mr. Hardmeyer: That is a model that has been used time and time again. We need to have a fund for a long term strategy and a revolving loan fund has been used many times and I have seen it.

Chairman Representative David Monson: Our dilemma is that we do not have a lot of time to get this done. We have other models like this, so we are not completely starting from scratch. It will need a little bit of a twist.

(29:25) Vice Chairman Representative Jim Schmidt: You mentioned bills in the legislature that total $268M. What is Bank of North Dakota's limit for revolving loan funds?

Mr. Hardmeyer: A number of those low interest revolving funds are not using the bank's deposits. Some programs we finance on our books and some are financed off the books. I can get you that information.

Vice Chairman Representative Jim Schmidt: The ones that do get funded through you, what would that number be?

Mr. Hardmeyer: We have that in our performance highlights and that is somewhere around $250-300M and off the books is around $531M.

(31:50) Karlene Fine: At some point in discussing revolving funds, Deana Mint runs the public authority and it has implemented the state revolving funds for water funds and it has worked well, but it takes time to get this going. It may be good to have her come and visit about this process. Passes out **attachments 1 and 2**.

Ms. Fine: The water people started it and since the interest rates were low, they may eliminate that. You can leverage that with bonding and at some point, you will not have to come back to the legislature for funds.

Ms. Fine: You know the Christmas tree bills and you wanted to get away from that so you developed the building authority. You had to develop the highest priority. The senate has a bill in looking to fund $151M in order to fund some building including some higher education projects.

(34:30) Chairman Representative David Monson: So this is a new bill?

Ms. Fine: The building authority has been around since 1985. When it was developed, they put a maximum amount and it covers how much debt you have to pay every biennium and is it 10% of 1 cent of the sales tax.

Ms. Fine: If you did projects worth $213M, you would be in the cap. The appropriation bonds are tax exempt.

Chairman Representative David Monson: $213M would be the limit or can we go back?

(36:10) Ms. Fine: It is pretty much $213M for the death service and what the market would have for our bonds. We structure our bonds for 20 years and try to keep debt low. When I ask my advisor to create them, I typically go for 20 years and a level debt. That is what the building authority has available.

Chairman Representative David Monson: I do not think it is any secret that we have not bonded in the House for a while. If we were to bond for $213M, there would be a huge obligation going forward to make those payments and I don't know what that payment would be. I am not sure we would want to tap into the building authority.

(38:30) Representative Mark Sanford: I was imagining in the higher education formula that there would be a dedicated amount that would only be usable for this purpose. That way you cannot come in and say we have a special commitment and it would be one they pay back at the institutional level.

Representative Mark Sanford: If you took a modest increase in the amount that is in the higher education formula now. You could probably take $30M and get a lot done. I am not talking about having a special project each biennium, but it should not be swings of having money or not having money.

(40:25) Representative Mike Nathe: It would be like the factor for the K-12 formula?

Representative Mark Sanford: You have the weighted credits times the rate, and the rate is different for each university type. So, I was thinking you would take that rate and add a dollar or two and that times those credits would help raise that amount and would go strictly to the dedicated fund.

Representative Mark Sanford: You can ensure that it is going for buildings and that it is predictable.

(42:00) Chairman Representative David Monson: In the formula you are looking at, $1 per credit, would that amount be dedicated for each college or university so that no one could spend it and that would be their own little savings account?

Representative Mark Sanford: Yes, and the purpose for using that is that UND will experience growth and they would be managing this money, they could spend it or save it and it would be part of their long range planning commitment.

Chairman Representative David Monson: They have not had any money put into it, so their savings account right now would be $0. You are thinking we would have to dedicate money from some other source to get it starter?

(44:00) Representative Mark Sanford: I imagine instead of spending $40M here and there, you put it into this fund and the institution holds their feet to the fire and we get reports. It lets them plan and holds them responsible for it.

Representative Mark Sanford: I think we could put a reasonable amount in the formula that is more efficient.

(45:25) Representative Bob Martinson: Basically there is only 100% in the formula, so we would have to take from somewhere else. Maybe we could ask Ms. Dolan to do a couple of scenarios that we could put into for a number to get any significant funds into the schools.

Representative Bob Martinson: What are you thinking is significant?

Representative Mark Sanford: What would be an annual obligation and what would that get us?

(46:35) Ms. Fine: On the $213M available, to do that the cost would be $34M per biennium.

Chairman Representative David Monson: That is on top of our payments we still owe, which are shrinking considerably.

Chairman Representative David Monson: And it is $34M per biennium?

Representative Bob Martinson: Could you do one for $100M and tell us which fund it comes from? Always remind them that it is their fault anyways for mismanaging funds for maintenance.

(48:20) Chairman Representative David Monson: Yes and no, they did take a real cut.

Representative Bob Martinson: Dunbar hall did not just decide over night that it was going to fall down.

Chairman Representative David Monson: I ran a small district and there was no wiggle room in recent years, but years past you are absolutely right.

Representative Bob Martinson: How do we take money away then?

Chairman Representative David Monson: Instead of 100% it would be 101%.

(49:40) Representative Mark Sanford: I appreciate Ms. Fine's example and Ms. Dolan can help us. We have appropriated $34M or more every time to get projects done.

Chairman Representative David Monson: Remember that this $213M is not just for higher education.

Representative Mark Sanford: Would you rather have something at that level that is predictable or have them come in having $50M here or $75M here and the list is still down to the floor.

Chairman Representative David Monson: You will still run into those cases where some basement wall fell in and they all of a sudden do not have emergency funds. What do we do in those emergency scenarios?

(51:45) Chairman Representative David Monson: I am thinking it may have to be bonded for those really critical things.

Representative Mark Sanford: I call that the go to the public version where you have to go to the public for help. We are the public and the state is the public. That is certainly unusual.

Chairman Representative David Monson: Our 87 colleagues on the floor will be quick to remind us that they have been paying this and now all of a sudden you need extra?

(53:05) Ms. Fine: The $213M is available and none of that was appropriated by the Governor and one other bill in the senate was introduced to tap into that. It is bill SB 2297 $151,700,000 and is all for higher education projects.

Representative Bob Martinson: That is Wardner's bill. We cannot go over 100% or we would have already. Would the state bond save for $100M and go out or would each school bond and pay back to this fund?

Chairman Representative David Monson: I am thinking that this $1 per credit would go into a dedicated fund for that college and as they bonded it would go into their little private and dedicated account. So each one would be its own account.

(55:20) Representative Bob Martinson: The bigger schools may not be able to bond for their large projects, is that a possibility?

Ms. Fine: Yes, that is. I would encourage you to look at it on a university system basis.

Representative Mike Nathe: We can leverage that much more money?

Ms. Fine: That is correct.

(56:20) Representative Mark Sanford: When you look at butts in the seat, it is much different than 10 years ago. They may have enrollments that are records, but they only have 400 on campus. It does come back to long range planning. It will modify the needs and the day will come when we mention infrastructure and we have to include big technology.

Representative Mark Sanford: Ms. Dolan, what is the total weighted credits we pay on?

Ms. Dolan: A total of about 7.5 million weighted credits. One thought is the smaller schools generate a significantly smaller portion. Passes out **attachment 3**.

(58:25) Representative Mark Sanford: They may not need nearly as many facilities. UND is heavy into distance education and NDSU is not and may need larger facilities. The base model is a performance model and that ties into the facilities you need.

Representative Bob Martinson: Maybe it would be possible rather than tweaking the formula and did what you are saying. We have students not on campus and international that are paying wellness fees, but we could change that or add some on there to go to maintenance fees instead.

Chairman Representative David Monson: That is what I meant by 101%, we could add something extra on there. Add $1 fee for maintenance, but that is over and above our current formula.

(1:00:40) Representative Mark Sanford: You said 7.5M credit hours?

Representative Mike Nathe: At $4 dollars at around 7.5M credit hours would get you $30M and that would only cost you $60 for students.

Vice Chairman Representative Jim Schmidt: Mr. Hardmeyer said it was $34M and there is $40M in the Challenge Grant, we could spend that.

(1:02:15) Representative Mark Sanford: With your permission we could work away from committee with these experts and report back to the committee.

Chairman Representative David Monson: Any questions for these 3?

Representative Bob Martinson: With all of the bonding proposals, what is the maximum the state could bond this session?

Ms. Fine: The maximum for the building authority is unknown to me right now.

Chairman Representative David Monson: The building authority is $213M and it is generated through sales tax?

(1:03:45) Ms. Fine: That is correct. The payments come from every appropriation and the legislature wanted to have some formula in the law so we can avoid all of the Christmas tree laws, but it is 10% of 1 cent of the sales tax.

Chairman Representative David Monson: I think my head around different bonds and what would fit. If we are talking dorms and a revenue bond that can pay the fees and pay some back, those are not part of this right?

Ms. Fine: Yes, that is correct. We are talking about appropriation bonds under the building authority.

(1:05:05) Ms. Fine: I will leave you this handout with information involving bonds and debt. By 2023 you will have your debt paid off.

(1:05:50) Mr. Hardmeyer: Carlene and I are working on an overall strategy for the bonding formulas this session. The senate is looking at all of the bonding information.

Chairman Representative David Monson: You can add onto Ms. Fine's?

Mr. Hardmeyer: We can have you that by next week.

(1:07:00) Chairman Representative David Monson: Any other ideas in the audience? The way we have worked in here is pretty much what you saw. There is no reason for our clerk to take all of these minutes. We won't make decisions; we pretty much just brainstorm.

Vice Chairman Representative Jim Schmidt: To me, there has to be some sort of limit in all of these areas that we could bond and we need a level where we cannot bond anymore. Somewhere along the line there has got to be a ceiling that we can bond against. Any idea what that might be?

(1:09:20) Chairman Representative David Monson: That is a big projection because of oil movement and other factors.

Ms. Fine: I cannot give you an exact number. The ratings agency gives us some parameters and our state rating gives us an idea. It may change every biennium and I do not know if we can get you a number. It also depends on where the bonds go and where the return payments come from.

Ms. Fine: We are a very low leverage state.

Vice Chairman Representative Jim Schmidt: There has to be a way to raise leverage without hurting our rating. We are writing checks on a balance that we do not know and it would be nice to know what that bonding level is.

(1:11:30) Chairman Representative David Monson: It might change from month to month depending on the changing oil market.

Mr. Hardmeyer: What can the state handle and as a banker we see that a lot and stress test it. What are the revenues coming in, the baseline, optimistic and pessimistic? You have to look at what the revenues may be and we stress test those scenarios.

(1:12:55) Vice Chairman Representative Jim Schmidt: It is always your debt to income ratio and I don't know what ours is.

Representative Mark Sanford: I wanted to thank the folks who came for their help and I think we know what our next steps are.

Chairman Representative David Monson: This was very educational and helpful and gave us a step in the right direction.

(1:14:00) Chairman Representative David Monson: Closes the discussion on HB 1003 for the day. Gives a brief overview of the upcoming schedule and ends meeting.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Education and Environment Division
Roughrider Room, State Capitol

HB 1003
1/25/2019
31487

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature Parker Oswald

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota university system; to amend and reenact section 54-44.1-11 of the North Dakota Century Code, relating to the cancellation of unexpended appropriations; and to provide for a transfer

Minutes: No Attachments

Chairman Representative David Monson: Opens hearing on HB 1003.

Representative Mark Sanford: Begins to give an overview on his funding formula idea.

(2:00) Representative Mark Sanford: We were going to figure out a funding formula for building projects similar to K-12 in a predictable pattern that can be used for larger and longer term projects and maintenance.

Representative Mark Sanford: When you have this capacity, you can lay out these plans and do not have to turn to the public for help. They could come to us with plans and tell us how they are going to spend their funds.

(4:00) Representative Mark Sanford: This will help us avoid funding a few large projects and avoiding 39 other smaller projects because there just is not money.

Representative Mark Sanford: Our proposal would be to add $4 weighted credit fund for each credit and make a fund that they can access. They could then add money of their own into the pool.

(5:15) Representative Mark Sanford: That would bring up about $45M across the system that we can put in to this fund in a biennium and every college could have access. We would put in around $30M.

Representative Mark Sanford: We always spend over $30M per session, so we are actually saving money. The historical model is to get 2 projects done and let the rest deteriorate.

Representative Mark Sanford: The point being is that they would be held accountable to care for the buildings they want and have. It puts a consistency into the mix and it is not likely to cost more or as much as we already spend.

(7:00) Representative Mark Sanford: Major investments are not paid for anywhere else with the onetime fund. That is pretty much the review of it. In addition, when we made the transition into the newer funding model, how much of that money was being used for maintenance?

Representative Mark Sanford: We found out it was a total of $11M in the whole system for maintenance. What we did in the formula that has been in place for 4-6 years, that $11M is taken out of their fund and it can only be used for maintenance.

Representative Mark Sanford: To access this, they have to find $2 for every $1, so it basically becomes $33M then.

(9:35) Representative Mark Sanford: That is tier 1 and if you take the existing $33M and add tier 2, which produces $45M you now $78M in the funding formula to use on building funds.

Representative Mark Sanford: The list the higher education board assembled and rated projects from 1 through 22, Dunbar is ranked #1 and that alone is more than the $30M we are talking about here.

(11:35) Representative Mark Sanford: I think we could wipe 15 of those off of the list with this other proposed idea instead of the two heavy top projects.

Chairman Representative David Monson: Representative Mark Sanford based this off the production of credits from each campus and the total number of credits in a year is 7.5M. If we said $1 from you raised on fees from students would raise $7.5M alone.

(13:20) Representative Mark Sanford: Let's leave that until the end, but I do agree. I think the next step is to provide a handout in more detail and outline it next week.

Chairman Representative David Monson: Campuses can raise a lot of money if they even use $1 per credit or even higher to generate even more.

Representative Mark Sanford: I think there is a chance here to make an off version of the Challenge Grant. Lake Region has people that are ready to step up and give them $1.5M to finish projects.

(15:10) Representative Mark Sanford: If they have that money in their building fund, they can pay cash and not have to bond.

Chairman Representative David Monson: Bottineau does not quite fit, so we may have to fit in some money for them.

(15:45) Representative Mark Sanford: If you do have a big project, you will need to borrow and there should be an existing medium that we can use. If the Senate passes the bill, there will be an additional option too.

Representative Mark Sanford: We were all on the same page when we first discussed this, so if the committee is on board, we could bring in some handouts.

(17:00) Chairman Representative David Monson: Let's just throw out Lake Region's project. How much would they raise at $1 per credit?

Representative Mark Sanford: They would have access to $533,000 from state money and would have $266,000 from their own, so they would have around $800,000 from this biennium alone. They would have the capacity to pay cash for their precision agriculture.

Chairman Representative David Monson: The present building is costing them around $100,000 per year, so that is also extra money that they could use and they would not have to pay rent.

(18:50) Chairman Representative David Monson: They could almost pay cash for their project. There is a way for a small school to pay it and that would not take much money out of the student's pockets. They would be happy to pay an extra few bucks to see a physical use of their money.

Mr. Cronquist: The 7.5M credits that has been mentioned are the adjusted credits and there is actually only 2.1M credits, so the figures would be lower.

Chairman Representative David Monson: We were aware of that, but that would actually mean more money needed than just $1.

(20:30) Representative Mark Sanford: That is part of the general operational funds.

Chairman Representative David Monson: Now we have a very broad concept, but what is the ability for the campus to raise their tuition? Have we capped that?

(21:40) Mr. Cronquist: Under current law, it is limited to a 4% increase per year. It is up to the board to determine the increases if you allow it.

Chairman Representative David Monson: So it is only 4%?

Mr. Cronquist: Correct. They are now rolling fees into the tuition rates and those fees do not get included in the 4%. NDSU had about an 8% increase when they rolled in the fees.

(23:00) Chairman Representative David Monson: Do you have any tweaks in mind to the formula?

Representative Mark Sanford: The request from higher education was level funding plus compensation increases. That means leaving the rates on the formula as is. Most agencies have been level plus increases in compensation.

Chairman Representative David Monson: Yes, that is what has been happening. Representative Mark Sanford has a few different plans that he can share with you as well.

(24:30) Chairman Representative David Monson: We are not ready to roll this out yet. Anything else we need to cover?

(25:15) Vice Chairman Representative Jim Schmidt: Is the strategy to cut the things the Senate wants and support what we want?

Chairman Representative David Monson: I usually do not like playing games, but you have to set yourself up for what happens in conference committees.

(26:20) Chairman Representative David Monson: Gives a brief overview of next week's schedule.

(27:00) Chairman Representative David Monson: Closes the meeting on HB 1003.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Education and Environment Division
Roughrider Room, State Capitol

HB 1003
1/28/2019
31542

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature Parker Oswald

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota university system; to amend and reenact section 54-44.1-11 of the North Dakota Century Code, relating to the cancellation of unexpended appropriations; and to provide for a transfer.

Minutes: Attachment 1

Chairman Representative David Monson: Opens meeting and attendance is taken. A quorum is present and an overview of the absent members is given.

Chairman Representative David Monson: Our major issue with the UND (University of North Dakota) Medical School would be finding the funding for the remaining 16 residency spots, that comes to around $1M per residency spot.

(2:05) Alex Cronquist: In the Governor's budget there is about $10.7M. There was $6M that was generated in the funding formula with an additional $4M added to keep the program funded fully. He also requested that the funding formula for this be removed.

Chairman Representative David Monson: Why would he do that? Alex said the Governor's request was not to include this in the funding formula.

(3:15) Larry Martin: They want to take the residencies from a one-time funding and make it a base line budget item.

Representative Bob Martinson: We really have no choice. If you have a medical school, you have to have the residencies and this started around 6 years ago.

Chairman Representative David Monson: Should we fund the full amount, or maybe half of it?

(4:05) Representative Bob Martinson: We need the residency spots.

Chairman Representative David Monson: If we supply them with the education, but not the residency, they will seek one out of state and most likely not return. The hard part is finding the $10M in this budget.

Chairman Representative David Monson: What is the source? It says general fund, but we know it is being laundered.

(5:15) Mr. Martin: I will check.

Mr. Cronquist: The funding is straight general fund money, but it used to be from the student trust fund.

Chairman Representative David Monson: Was it always that way?

Mr. Cronquist: It has been labeled as one-time funding and that is why the $4.5M was added.

(6:45) Chairman Representative David Monson: I thought it was something like that.

Representative Mike Schatz: It shows the FTE (full time employee) positions from 184 in 2015-2017 up to 435 in 2017-2019, any idea why?

Mr. Cronquist: That was from recognizing special and federal fund FTE's rather than just the general fund FTE's.

(7:50) Chairman Representative David Monson: So all they counted before was the general fund FTE's and that started last biennium? Could we get a breakdown?

Mr. Cronquist: I am not sure if the universities have that.

Representative Bob Martinson: As a proposed change it would add $4.5M, is there some in there?

(8:55) Mr. Cronquist: Of that $4.4M increase, there was $6.2M for the increase in the Medical School and not including that $6.2M increase, it was actually a decrease of $1.8M through the formula for the rest of the campuses.

Representative Bob Martinson: How much do we have to add from the base budget, is it $4M or $10M?

Mr. Cronquist: It would be $10.7M total due to the change in credits. I believe there was $800,000 in ongoing, so we would have to add $9.9M.

Chairman Representative David Monson: We would have to add over $9M?

(10:20) Mr. Cronquist: There was $800,000 ongoing and $13M from the student trust fund.

Representative Mike Nathe: So it is a combination of **#4 and #8 from attachment 1**?

Mr. Cronquist: The total is $10.7M and the $800,000 was washed out.

(11:30) Representative Bob Martinson: Is there any money in the formula now or do we have to add all $10.7M?

Mr. Cronquist: Mr. Krebsbach might have an answer.

(12:00) David Krebsbach: The funding formula for this session, the Medical School had credits that generated over $6.6M.

Chairman Representative David Monson: They were weighted credits.

Mr. Krebsbach: To pull the $6.6M out and add the $10.7M to get to the recommended mark, they would be

Representative Bob Martinson: I just want to know how much is in there.

Chairman Representative David Monson: I am hearing you say that we do not need to add $10.7M because what it would really look like is that we reduced the number of weighted credits and it would shrink the amount of money that would go to the Medical School based on credits.

Chairman Representative David Monson: We would then have to add some back in to get to the 16 additional residency spots. Representative Bob Martinson is asking what the additional cost of adding 16 residency spots.

(14:30) Mr. Krebsbach: They need the $10.7M, but the current funding formula generated around $6.6M and the line was reduced to get them money a different way.

Chairman Representative David Monson: How much money would we need to add to a line to get the additional 16 residencies?

Mr. Krebsbach: Around $4.5M.

Representative Bob Martinson: Who is we when you said we changed the formula?

(16:00) Mr. Krebsbach: The University System Office, Universities and OMB (Office of Management and Budget).

Vice Chairman Representative Jim Schmidt: How many residencies did we fund?

Mr. Krebsbach: It was 35.

Vice Chairman Representative Jim Schmidt: So the current funding did not provide enough for the full 51 residencies?

(17:10) Mr. Krebsbach: They were not requesting the additional 16, they were just requesting the funding for the originally 35.

Chairman Representative David Monson: That is different than what we thought.

Mr. Krebsbach: That extra $4.5M is for the continuing of 35 residency spots.

Chairman Representative David Monson: We were confused on that. Why did the cost increase by so much to fund the same amount of positions?

(18:40) Mr. Krebsbach: I believe the $13M was funding it last time.

Mr. Cronquist: There was approximately $14M in one-time funding last biennium.

Chairman Representative David Monson: You said $14M in one-time and $800,000 in ongoing? So $14M funded 35 residencies.

(19:45) Chairman Representative David Monson: If we are going to take 1/3 to fund 16 more, it should only cost an additional $7M.

Mr. Krebsbach: I think that question was asked of Dr. Wynne, but I believe he said $5M for the additional residencies to fill up the program.

(20:35) Vice Chairman Representative Jim Schmidt: Alex, when we fund through the formula, is that considered one-time funding?

Mr. Cronquist: It is part of their base.

Vice Chairman Representative Jim Schmidt: I thought this was one-time funding for 35 residencies.

(21:20) Mr. Cronquist: It was funded through the student loan trust fund and not the base budget, but that is low and does not have the funds for this.

Vice Chairman Representative Jim Schmidt: That was $4.5M short then?

Mr. Cronquist: Based on their recommended cost of $10.7M, they had more.

Vice Chairman Representative Jim Schmidt: What about the additional $6M?

(22:45) Representative Mike Nathe: That student loan trust fund is dry and now we are taking $4.5M out of the general fund. Is the $4.4M a part of that formula?

Mr. Cronquist: They are getting about $6.2M through the formula and another $4.5M from general funds.

Chairman Representative David Monson: Are you looking at the $10.7M total?

(24:05) Representative Mike Nathe: Yes, the $4.4M is part of the $6.2M and then $4.5M is added to reach the $10.7M?

Mr. Cronquist: Yes.

Chairman Representative David Monson: That just covers the 35 residencies?

Mr. Cronquist: Yes, that is the case.

(25:00) Representative Mike Schatz: Those numbers are slightly different and there is $40,000 off.

Representative Mike Nathe: It is a rounded number, that is why. **Attachment 1** has it a little backwards. Where in here is the 16 new positions?

Mr. Cronquist: That was not part of the Governor's recommendation.

Chairman Representative David Monson: So the Governor was okay with just leaving it at 35 instead of the 16 additional residencies?

(27:10) Mr. Cronquist: The Governor intended for the calculated amount to be done outside of the formula.

Chairman Representative David Monson: One way or the other it is going to be ongoing funding. It could be listed as one-time general fund because we are not sure that we will always have those funds.

(28:15) Representative Bob Martinson: I quit listening and would like to see it on a sheet.

Chairman Representative David Monson: I am with Representative Bob Martinson on this, if we built a Medical School to house these, we should have the spots.

Vice Chairman Representative Jim Schmidt: That is why I offered up, but the Challenge Grants idea of using some of the money for this and needs-based scholarships.

(29:45) Representative Mike Nathe: I do not have any problem with that. The dollar amount for the Challenge Grant is not set at $40M. I think that would be money well spent on this residency program.

Vice Chairman Representative Jim Schmidt: There is $40M and if we dropped it down to $20M and use this for the kids.

Chairman Representative David Monson: The Challenge Grant is something we will have to talk about here soon anyways.

(30:50) Representative Mike Nathe: The Governor has changed the way the money is given out and is heavily concentrated at the research Universities.

Chairman Representative David Monson: If we do not change the way the Challenge Grant money is given out, it will favor the larger universities.

Representative Mike Nathe: Correct, but I think it works well for all the schools and did it around $15M or $20M, the schools will respond well.

(32:35) Chairman Representative David Monson: There was no carryover from last time for that.

Representative Mike Nathe: There is only $2M in there now and that was spent.

Vice Chairman Representative Jim Schmidt: The $40M is the Governor's recommendation and I would like to stay below his recommendations and I would even put $15M in the Challenge Grant and fund these.

Representative Bob Martinson: I think we need to cancel Monday mornings.

(34:20) Chairman Representative David Monson: I had more in the line of about $10M for Challenge Grant.

Representative Mike Nathe: I was open to any dollar amounts, I just wanted it to remain in the system.

Chairman Representative David Monson: We are supposed to share about where we are on different budgets tomorrow afternoon. Alex, put down $10M for Challenge Grants **(line 7 of attachment 1)**.

(36:20) Chairman Representative David Monson: Which bill is **line 1 of attachment 1**?

Mr. Cronquist: That is HB 1031.

Chairman Representative David Monson: What is in the base there now, that is $22M right?

Mr. Cronquist: Correct, about $21.9M.

(37:05) Chairman Representative David Monson: And we said around $1.5M to keep up with inflation.

Representative Mike Schatz: Which bill are we on?

Chairman Representative David Monson: **Line 1 of attachment 1** relates to HB 1031 and ties into this higher education HB 1003 budget.

Chairman Representative David Monson: **Line 2 of attachment 1** relates to Representative Mark Sanford's funding formula proposal.

(39:00) Chairman Representative David Monson: How about **line 3 of attachment 1**?

Mr. Cronquist: That goes with line **item 2 of attachment 1**.

Chairman Representative David Monson: I do not see the advantages of changing the Medical School's formula by decreasing weighted credits to just move it to another line and take it off of the formula.

(40:35) Chairman Representative David Monson: For line **item 5 of attachment 1**, what does the question mark represent?

Mr. Cronquist: It is discretionary and depends on the 2% or 4% increase of salaries.

Chairman Representative David Monson: What did the Governor recommend?

(41:00) Mr. Cronquist: He recommended covering the increase in salaries and health insurance.

Chairman Representative David Monson: **Line 6 of attachment 1** was addressed by HB 1030.

Mr. Cronquist: There was not any appropriation for that one, but carried on.

(42:20) Chairman Representative David Monson: Item 7 of attachment 1 was set as $10M for Challenge Grants. **Item 8 of attachment 1** involves the residency programs.

Representative Mike Nathe: Next session will again have to decide on one-time funding.

Mr. Cronquist: It would not be a part of the formula, but it would be in their base.

Chairman Representative David Monson: I would rather know it is coming through the formula and not up to discretion.

Mr. Cronquist: Under the current formula, $6.2M of the $10.7M would be in that formula.

(44:25) Chairman Representative David Monson: On **line 9 of attachment 1,** what other items were there besides the residencies?

Mr. Cronquist: There was the one-time funding for the residencies from the student loan trust fund. There has been ongoing funding for the professional student exchange. That was about $465,000. There was $500,000 to Tribally Controlled Community Colleges and another $540,000 for ConnectND.

Chairman Representative David Monson: What does ConnectND do?

Mr. Cronquist: It is an IT (Information Technology) service on the campuses.

(45:35) Mr. Cronquist: It has been an ongoing cost.

Chairman Representative David Monson: So this $1.5M has nothing to do with the residencies and everything to do with professional services.

Mr. Cronquist: The total for tribal colleges was $500,000 even.

Representative Bob Martinson: I think we should keep it at that.

Chairman Representative David Monson: What do you think committee?

(47:15) Representative Mike Schatz: What is that exactly?

Chairman Representative David Monson: It would give them some money because they do not get funds from us like the other schools do.

Mr. Cronquist: By transferring the funding sources you would increase to $600,000 total.

Chairman Representative David Monson: $100,000 has been flat funding and $500,000 from the student loan trust fund.

Representative Bob Martinson: I suggest we add $400,000 to make it a total of $500,000.

(48:40) Chairman Representative David Monson: The source would be general fund money and not student loan trust fund.

Chairman Representative David Monson: **Item 10 of attachment 1** is from Representative Mark Sanford's formula. What is line **item 11 of attachment 1** for?

Mr. Cronquist: That is dependent upon the 2% or 4% raise.

Chairman Representative David Monson: Let's pencil in 2% for now. That would not just be salaries though, but also for inflation in things like operating costs?

(50:15) Mr. Cronquist: No, so for the System Office and Forest Service, we would calculate exactly what the salary and benefit increase would be.

Chairman Representative David Monson: **Line item 12 of attachment 1** involves $200,000 of special funds. Did the Governor recommend to take that out?

Mr. Cronquist: It was originally a pilot program and the $200,000 was from the student loan trust fund.

Chairman Representative David Monson: Was there a positive feedback report?

(52:15) Tammy Dolan: That was a pilot project by teachers with the intent to expand the amount of teachers who could instruct dual credit programs. There was a section that allowed those scholarship awards to not be used by the instructor, but could be transferred to a student or child instead of used for the dual credit program. We did not ask to continue the program.

Chairman Representative David Monson: Was that in higher education grants?

Ms. Dolan: It was SB 2234 last session, but it was originally from the student loan trust fund.

(54:05) Chairman Representative David Monson: And this was to get high school teachers to the level of college instructors in order to teach these dual credit courses?

Ms. Dolan: Correct.

Chairman Representative David Monson: It is cut then.

Mr. Cronquist: Should I repeal the Century Code on that?

(55:15) Chairman Representative David Monson: Yes. **Item 13 of attachment 1** removes funding for Title II.

Vice Chairman Representative Jim Schmidt: **Item 14 of attachment 1**, any problem removing that? No objections.

Vice Chairman Representative Jim Schmidt: We reduced payments in **line 15 of attachment 1** because we are currently paying them off.

(57:15) Vice Chairman Representative Jim Schmidt: And **line item 16 of attachment 1** will be discussed with the Teddy Roosevelt Library, so we will just leave it for now.

Representative Bob Martinson: I would like to talk about the expansion and repair of a building at Bismarck State College (BSC), which would include $21M and of that it would be $15M from the state and $6M raised by BSC.

Vice Chairman Representative Jim Schmidt: What else do we need to mention?

(59:00) Mr. Cronquist: There were a few other Governor's recommendations. I will make a print out and save it for a future meeting then.

Vice Chairman Representative Jim Schmidt: Anything else?

Representative Bob Martinson: How long will that list take?

Mr. Cronquist: It may take some time, so not immediately.

(1:00:25) Vice Chairman Representative Jim Schmidt: Okay Alex, you can get us that at a later time.

Vice Chairman Representative Jim Schmidt: Calls a short recess.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Education and Environment Division
Roughrider Room, State Capitol

HB 1003
1/28/2019
31567

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature Parker Oswald

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota university system; to amend and reenact section 54-44.1-11 of the North Dakota Century Code, relating to the cancellation of unexpended appropriations; and to provide for a transfer.

Minutes: Attachments 1-3

Chairman Representative David Monson: Opens meeting on HB 1003. Gives an overview of **attachment 1**.

(1:45) Representative Bob Martinson: I do not want to by anywhere near the committee who talks about that.

Representative Mike Nathe: I agree; you can easily fill up a committee room with the stem cell topics. There would be a fight just to study it.

Chairman Representative David Monson: I have a son who has MS (Multiple Sclerosis) and begins to describe a short, private story about it. Continues to talk about **page 2 of attachment 1**.

Representative Bob Martinson: I support stem cell research, but I do not want to be on that committee.

(4:20) Chairman Representative David Monson: Could you ask the UND (University of North Dakota) Medical School if they would study that? I will have to return to presenting my bill eventually, but we can work through a few things until then.

Chairman Representative David Monson: The Bismarck State College Health Science building could be potentially funded through Representative Mark Sanford's formula proposal.

Chairman Representative David Monson: **Attachment 2** is the listing of proposed changes.

(6:25) Mr. Cronquist: **Attachment 2** is a list from the Governor's recommended budget and was not really talked about in the committee.

Chairman Representative David Monson: The Governor's recommendation in **line 1 of attachment 2** was to reduce the NDUS (North Dakota University System) office operations by 5%.

Chairman Representative David Monson: We had a few ideas on places we should add funding, so to hold even on the base, we will have to find some savings.

Representative Mark Sanford: What is the source for the Challenge Grant?

Representative Bob Martinson: Legacy fund.

(8:55) Chairman Representative David Monson: Would you rather not see the decrease in the system office. We would then have to change the formula.

Representative Bob Martinson: After the cuts that were taken last biennium, I do not see how they can continue to keep taking cuts. The presidents of the small schools have mentioned that they have lost a lot of employees.

Chairman Representative David Monson: Ms. Dolan, can you explain what a 5% budget cut would do? Is **item 1 of attachment 2** just the system office?

(10:40) Mr. Cronquist: It is just the system office.

(11:00) Ms. Dolan: Honestly, it is not doable. We would have to cut another 2 positions for sure and right now we are just barely filling our obligations and we are already down over 40% in the last few biennia.

Chairman Representative David Monson: What about the 2% and 2%?

Ms. Dolan: We likely would not be able to give out the increases because the 5% cut would cause us to use this money, but still probably cut positions. The one alternative would be to offset it with increasing the costs for students.

(12:45) Chairman Representative David Monson: If we cut line **item 1 from attachment 2**, it would cut positions and increase the student fees?

Ms. Dolan: Yes, that would also just be 2 positions at our office and another 4 or more in other agencies. The 2 cuts in our office is a minimum as well.

Representative Mark Sanford: I find a little irony in **item 1 of attachment 2**. We would have the most efficient from the cost control in place.

(14:20) Chairman Representative David Monson: There is another bill right now, but it may not be a good idea.

Representative Mike Schatz: I do not think we can cut these guys anymore. We have not been cutting K-12 and actually giving them more money. They should have to be cut as well.

Chairman Representative David Monson: What about the $700,000 for Minot in HB 1030, are you okay with that?

Representative Mike Schatz: Minot State took a cut last session, but I do not know about that. Dickinson State would have been in bad shape if it was not for that program.

(15:55) Chairman Representative David Monson: I am feeling that there is not much appetite to cut **items 1 and 2 from attachment 2**.

Representative Bob Martinson: I agree.

Chairman Representative David Monson: If we cut **item 2 of attachment 2**, that kind of destroys our formula for giving them the money and turning around and taking it right away.

Chairman Representative David Monson: **Item 3 of attachment 1** would reduce Forest Service operations. Are they not mostly special funds? No, I am thinking of something else.

(17:30) Representative Mike Nathe: What exactly would they be reducing?

Chairman Representative David Monson: Office expenses I believe.

Mr. Cronquist: I was a 5% general fund reduction.

(18:00) Chairman Representative David Monson: Which is the same as the numbers coming from the campuses and offices. They had a little carryover, but still. They would have taken the same cuts as higher education, correct?

Mr. Cronquist: I am not sure at which level of cuts they sustained, but they were reduced.

(20:00) Vice Chairman Representative Jim Schmidt: What is the final consideration for **item 3 of attachment 2**?

Representative Bob Martinson: No cuts.

Vice Chairman Representative Jim Schmidt: Would **item 4 of attachment 2** be added to the base?

Mr. Cronquist: Correct.

(20:55) Representative Mark Sanford: I am not sure I understood what you said. They cannot continue at their current level?

Mr. Cronquist: They do not have enough in their base to continue giving out the scholarships. It is a lack of carryover.

Ms. Dolan: The numbers are increasing as well.

Representative Mike Nathe: So this general fund would cover past short falls?

(22:05) Ms. Dolan: It is a combination of both. When it first started there were not as many students meeting requirements so there was more carryover. Now, more students meet requirements and there is less carryover.

Representative Mike Nathe: So how much of the general fund is replaced in the carryover?

Ms. Dolan: In prior biennia's, we have had anywhere from $1M to $3M in carryover and now we are only around $700,000 in carryover.

Representative Mike Nathe: So around $700,000 in carryover needs to be replaced?

Ms. Dolan: And it would still be over $2M short.

(23:45) Representative Mike Schatz: When does this start and how many students does this affect.

Ms. Dolan: This started in the 2009 biennium. Around 20-23% of ND high school graduates receive this award.

Vice Chairman Representative Jim Schmidt: The number of dollars does not dictate the awards; the number of awards dictates the dollars?

Representative Mike Nathe: You must also obtain a 24 on your ACT.

(24:50) Ms. Dolan: There are a lot of requirements they have to meet; they must achieve a 24 of higher on the ACT (American College Testing), they have to take some advanced placement (AP) and dual credit courses, receive a C grade or higher on all of their course work and GPA (Grade Point Average) of at least 3.0.

Representative Mike Nathe: Are we seeing an increase because K-12 numbers are higher or because our kids are smarter?

Ms. Dolan: I would like to think it is both.

Vice Chairman Representative Jim Schmidt: Where are the numbers increasing in the state?

(26:00) Ms. Dolan: The increase is mostly statewide and not in just one sector.

(27:00) Chairman Representative David Monson: We are on **item 4 of attachment 2**?

Representative Bob Martinson: Yes, and I do not support it.

Chairman Representative David Monson: We were more focused on needs-based funding, so it is a no.

(27:50) Chairman Representative David Monson: **Item 5 of attachment 2** was previously talked about.

Mr. Cronquist: It would be all from general fund.

Chairman Representative David Monson: **Line 6 of attachment 2** was the Governor's recommendation to use SIIF (Strategic Investment and Improvement Fund) funds.

(29:15) Representative Mike Nathe: What would these grants be used for?

Chairman Representative David Monson: Ms. Dolan?

Ms. Dolan: It was added by the Governor and was not a request by us. It is a pool in the system office that would be used by universities to fund new online programs.

(30:00) Chairman Representative David Monson: These campuses have experts working on this, do they now?

Ms. Bloms: They have had difficulty instructing and developing those courses and would be available to them if they needed it?

Vice Chairman Representative Jim Schmidt: I do not agree with that.

Chairman Representative David Monson: Any other proposed changes that are not on **attachment 2**?

(31:25) Chairman Representative David Monson: Basically no cuts and no increases on this list.

Representative Mike Nathe: Is this where we talk about Representative Mark Sanford's idea with the proposed building fund formula.

Chairman Representative David Monson: We should probably keep pressing on with that. Have you had any chance to put any meat on that skeleton?

Representative Mark Sanford: I was under the assumption that we would revisit that around Thursday.

Chairman Representative David Monson: We had a few questions on **attachment 3** about formula issues.

(33:10) Chairman Representative David Monson: **Item 2 of attachment 3** is for Thursday and Friday and would in BSC's new Health Sciences building.

Chairman Representative David Monson: **Item 3 on attachment 3** is still the building fund.

Representative Mark Sanford: I think **item 3 on attachment 3** is worded wrong. The money in the formula is realized by the campuses, except the $11M in tier one that is set aside for maintenance. The will have to find a 2:1 match to access that $11M.

Chairman Representative David Monson: Are they talking about that pool here?

Representative Mark Sanford: It could be that or the building fund. Tier 1 has $11M of spent money on campus awards. We wanted to keep the $11M and expand how it can be used. They then have to find the 2:1 match and it actually becomes $33M.

(35:50) Chairman Representative David Monson: Did the Governor think we would sweep that back?

Mr. Cronquist: No. **Items 2 and 3 on attachment 3** represent Representative Mark Sanford's proposal and I wrote this as $2 from the state and $4 from the schools themselves.

Chairman Representative David Monson: **Item 5 on attachment 3** will not be adjusted and basically just leave it how it is. Inflation would be 2% and 2% in the salaries, but not really in the formula.

(38:00) Representative Mark Sanford: Well, the increase would be tuition increase or covered by the general fund. Whatever would come from those adjustments would have to then become base funding or a separate pool.

Chairman Representative David Monson: I think we should just work with the formula as a whole and not worry about putting in extra money.

Chairman Representative David Monson: **Item 9 of attachment 3** was moved from $500,000 to $400,000 because there is no money in the student loan trust fund for a decrease of $100,000 only.

(39:55) Mr. Cronquist: That was about $400,000.

Chairman Representative David Monson: We needed a new funding source because there is nothing in the student loan trust fund. Our only other sources would be general funds or legacy fund interest growth.

(41:15) Representative Mike Schatz: How many people attend Tribal Colleges that do not receive scholarships and are not Native American?

Ms. Dolan: I do not have that number.

Chairman Representative David Monson: Do they take the number of students and divide it and spend all of it, or do they set a certain amount per student?

Mr. Cronquist: The report received for the 2017-2018 year, there were 76 non-beneficiary students. They expect $7,300 per student and we were giving closer to $3,900.

(43:10) Chairman Representative David Monson: It is kind of scholarship, but it is not. This amount goes to the college for each student and the student has to then pay the difference.

Mr. Cronquist: Around 118 students are receiving some sort of money.

Chairman Representative David Monson: If we took the total amount that we give to our 11 colleges in the form of tuition and support and divided it by the number of students, what is the total?

(45:15) Representative Mark Sanford: You could get that from the State Business Officials that has the total students and state appropriations amount. The number for the year before the cuts still had us around 22nd in the nation for state funding support. This time will bring it down again.

Chairman Representative David Monson: We have around 35,000 students?

Representative Mark Sanford: I think it was $12,000.

(46:40) Chairman Representative David Monson: The support for the non-beneficial students is around 1/3 of what we give the rest.

Mr. Cronquist: Those numbers sound closer to the biennium numbers and the Tribal Colleges would actually by around $8,000 a biennium.

Representative Bob Martinson: Those other ones are also state schools and we should not have to give Tribal Schools money for non-tribal students.

(48:15) Chairman Representative David Monson: We have been doing it for a long time.

Representative Bob Martinson: Not that long, just about 3 sessions.

(48:35) Chairman Representative David Monson: Let's put a question mark by that until Representative Tracy Boe is back.

Chairman Representative David Monson: ConnectND has $500,000. What happens if we do not give it?

(49:35) Ms. Dolan: The dollars partially fund 6 positions and has been in place since 1993. We could look at increasing our ConnectND fees. Students already pay a ConnectND fee and we would have to raise that.

Chairman Representative David Monson: It would be a very light increase then and why do we pay any of that?

Ms. Dolan: It is a part of PeopleSoft and they were all put in place at the same time.

(51:05) Chairman Representative David Monson: The portion we are paying is something the system office would use and not the students then?

Ms. Dolan: Actually not, but it was originally funded using student loan trust funds and we would need to fund them one way or the other.

Chairman Representative David Monson: Any ideas committee? We either have to move them from special funds to general fund or not fund them?

Vice Chairman Representative Jim Schmidt: My thought is to not fund it from the state level.

(52:30) Chairman Representative David Monson: Since we have to find it from a different source, it may be a good time to let this one go. Out of that $1.5M, we only have around $400,000.

Chairman Representative David Monson: I was gone for line **item 16 of attachment 3** and the digitization of Teddy Roosevelt records. Dickinson State did not use the $9.2M for this.

Representative Bob Martinson: They could not. We decided to wait and see what was going to happen with the $50M for the library and include it all as one package.

(54:55) Chairman Representative David Monson: We talked about **attachment 1**. We are not in a place to add this to the budget just yet, but stem cells are the future and will be addressed eventually. Anything else we need to discuss?

Chairman Representative David Monson: As far as this afternoon, we only had UND Medical School listed. We talked about residencies already, but are only about 2/3 of the way there. We fund 35 of 51 total residencies and the Governor did not put in the 16 open residency slots.

(57:30) Vice Chairman Representative Jim Schmidt: We had a discussion with Ms. Dolan and she said she can clarify it.

(58:05) Ms. Dolan: Regarding the Medical School formula changes; the 16 additional residency spots were not included in the requests. When it started, the intent was to expand to 51 total residency slots. Right now we are only funding 35.

Ms. Dolan: Because of budget cuts, they could not expand. They would $5M per biennium to fund the 16 remaining and that is above the base already.

Ms. Dolan: What was done in the Governor's budget was done in conjunction with the schools and system office. It was not put into their base, but they were getting one-time funding with the intent of getting it into the base formula funding.

(1:00:45) Ms. Dolan: They received a weighting factor of 38, which is much higher than normal. This is because they do not receive credits for residency and remove the weighting formula from the base formula and make it a line item. Then we had to ask for money to replace the student loan trust fund money.

Ms. Dolan: We reduced the weighting factor from 38 to 34.5 and it would generate less money, which could be looked at as a re-allocation of money. Going forward, the formula will not generate any more based on the weighting factor.

Ms. Dolan: It would be a residency line of $10.7M and become a part of the base and it did fix the one-time money, fix the weighting factor to a more realistic figure.

(1:03:20) Chairman Representative David Monson: So, per biennium it costs $10.7M for 35 residency slots.

Representative Mike Nathe: So it would cost $5M per biennium for the additional 16 slots, would they be able to ramp it up right away?

Ms. Dolan: They probably would not be ready until next February.

Chairman Representative David Monson: Could we fund half of the residency program for those 16 for a total of $2.5M for just one biennium.

(1:04:45) Ms. Dolan: We would need a guarantee because those students would be signed in for a multi-year agreement.

Representative Mike Nathe: Would that become a part of the base down the road?

Chairman Representative David Monson: Yes.

Ms. Dolan: It would be a part of the line item and not the formula.

(1:05:50) Chairman Representative David Monson: Committee?

Representative Mike Nathe: I think we should keep considering this because we need doctors in our state.

Vice Chairman Representative Jim Schmidt: Is it realistic to think that the state has put a lot of money into the Medical School and we could not fill these slots?

(1:07:05) Representative Mike Nathe: I was encouraged to hear them say they have gone from 40% ND residents up to around 70-80% and that increases the amount of doctors we keep in state.

Vice Chairman Representative Jim Schmidt: Do we have a running total as to where we are?

Chairman Representative David Monson: Alex, do you have that for us? This is just for higher education right now.

Vice Chairman Representative Jim Schmidt: A running total as we go through this would be a good idea.

(1:08:30) Chairman Representative David Monson: Alex is coming up with something for us. We had talked about the Tribal College non-beneficiary students and how the money has gone away due to student loan trust fund bankruptcy. We have not cut the whole thing, but we are not sure if we want to fund any of it.

Representative Mike Nathe: It might be important to find out what the 16 residency spots are for and how needed they are.

Ms. Dolan: We will talk to UND Medical School about that.

(1:10:30) Mr. Cronquist: I am unsure exactly what you want including, but so far $1.5M for needs-based grants, $4.4M for continued funding model with the adjusted credits, $710,000 for the hold harmless, $10M for the Challenge Grant and $4.5M to fund the Medical School residencies for a total of $17.9M increase.

Chairman Representative David Monson: And that is with what salary package?

Mr. Cronquist: That is not including any salary or compensation increase from the base. Some of that is one-time funding.

(1:12:10) Representative Mike Nathe: So it is not all general funds.

Mr. Cronquist: There is $10M from the Legacy fund and that brings the total to around $7.9M from general funds. I did not include the $400,000, but failed to remove the $100,000 base for that, so it is actually $17.8M and $7.8M from general funds.

(1:13:40) Chairman Representative David Monson: What happens if we do not fund the Tribal College payments for non-beneficiary students?

Representative Tracy Boe: I would need to check first. The numbers they gave me indicates that they could not just eat that number.

Vice Chairman Representative Jim Schmidt: I have no idea what Sitting Bull College does because they have never contacted me.

(1:14:55) Chairman Representative David Monson: Are most of these students getting truck driver training and certifications for things? I know a few of the colleges has simulators and good technology for these programs.

Representative Tracy Boe: They could provide better information than myself, but the non-beneficiary students were teachers or nurses.

Chairman Representative David Monson: They were already teachers and working on other course work or got a teaching degree?

Representative Tracy Boe: They got their teaching degree.

(1:16:45) Chairman Representative David Monson: We do not give any support to some of these other schools around the state that do not get help from us. Can they use the scholarships for those colleges if they meet requirements?

Mr. Cronquist: They would qualify.

Chairman Representative David Monson: They could get the same benefits as everyone else. So, this would take away extra funding that is over and above and not the scholarship money?

Representative Bob Martinson: It is grant money. It would be the state needs-based grant program and a percentage of the total amount is allocated to the private schools.

(1:19:25) Chairman Representative David Monson: Is it based on the number of students?

Representative Bob Martinson: It is based on the dollar amount.

Mr. Cronquist: It would be based on the amount of students.

Representative Bob Martinson: It is based on the total amount that is allocated for the private schools. This has been going on for 30 years and is not new.

(1:20:20) Chairman Representative David Monson: If no students went to the University of Mary (U-Mary), would they still get the money?

Representative Bob Martinson: It goes to the students, not the schools.

Chairman Representative David Monson: If you are a high achieving student, you are giving the money to the school for earning that grant. If 0 students qualified for the FAFSA (Free Application for Federal Student Aid), needs-based grants or anything else, U-Mary would get nothing. It is because the students that go there are allocated that amount.

(1:22:10) Representative Bob Martinson: Yes, U-Mary, Jamestown and Ellendale would not get a dime. They are limited on a total percentage that is allocated to the private schools.

Representative Tracy Boe: So then depending on the amount for them would be prorated?

Representative Bob Martinson: The total amount that can go to the private institutions would be limited.

(1:23:20) Chairman Representative David Monson: If every single student that qualified for needs-based grants, every single dollar of that would go to the private university, right?

Ms. Dolan: The grants are based strictly on need and follows them no matter where they attend.

Chairman Representative David Monson: I do not think there is a certain amount allocated regardless.

(1:24:45) Representative Tracy Boe: Give me $600,000 for the Tribal Colleges.

Chairman Representative David Monson: It was $600,000; $100,000 from general fund and $500,000 from the student loan trust fund.

Representative Tracy Boe: How did it end up broke? It was the residency program for the Medical School.

(1:25:40) Chairman Representative David Monson: We had a good student loan program through Bank of North Dakota until the FEDS decided to run it.

Chairman Representative David Monson: We could work on some individual campus things this afternoon.

(1:26:50) Chairman Representative David Monson: Closes the hearing on HB 1003.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Education and Environment Division
Roughrider Room, State Capitol

HB 1003
1/28/2019
31609

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature Parker Oswald

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota university system; to amend and reenact section 54-44.1-11 of the North Dakota Century Code, relating to the cancellation of unexpended appropriations; and to provide for a transfer.

Minutes: Attachments 1-3

Chairman Representative David Monson: Gavels in and opens meeting.

Representative Tracy Boe: What does **attachment 1** say?

(1:00) Al Stenehjem: **Attachment 1** is a breakdown of the Native versus non-Native students attending the Tribal Colleges. Begins to give a quick overview of **attachment 1**.

Chairman Representative David Monson: If a non-beneficiary student goes there and they have financial need, do they not bring with them the money?

(2:20) Mr. Stenehjem: They do not, they pay their tuition and the state gives them the $6,000 per year, or $2,790 per semester.

Chairman Representative David Monson: So their scholarships do not count?

Mr. Stenehjem: I do not believe so.

Representative Mark Sanford: Is the tuition modest and fair priced?

(3:20) Mr. Stenehjem: That is hard to say because a majority of the students do not have the means to attend a larger and more expensive institution.

Alex Cronquist: If a student was awarded the needs-based grant, it would pay the tuition and it would be the maximum they could receive.

Chairman Representative David Monson: If they said the tuition for non-beneficial is $2,000 and they qualify based on need, could they get the $1,950? The reason they only get $1,500 is because the tuition is so low.

(5:40) Mr. Stenehjem: That would only be if every student qualified.

Chairman Representative David Monson: What happens to the Native students that qualify for needs-based?

Mr. Cronquist: It does not have to be a state funded institute.

(6:30) Chairman Representative David Monson: So the numbers on **attachment 1** may be inaccurate because they could be getting needs-based grants as well.

Mr. Cronquist: The colleges are not getting more, but the state money could go to a student using the state money.

(7:10) Chairman Representative David Monson: Could they non-beneficiary students more because they are no receiving federal money.

Mr. Stenehjem: I would say the rates set are there to make sure the students qualify.

Chairman Representative David Monson: I would say the non-beneficiary students are getting a better deal.

(8:05) Mr. Stenehjem: The Native students still get about 3 times more in reimbursement.

Representative Mark Sanford: I need some clarification; the state higher education system has operating expenses that are paid through tuition and state appropriation. Is that a stand in for the state appropriation?

Mr. Stenehjem: That is the given reimbursement from the Federal Government.

Representative Mark Sanford: This is the other source for operational revenue though and are there other operational revenues other than these?

(10:15) Mr. Stenehjem: I am just trying to show the tuition for Native versus non-Native students and that the Federal Government pays for Native, but not non-Native.

Representative Mark Sanford: So this is not a big bucket.

Representative Bob Martinson: If it is not a Federal obligation, why is it a state obligation?

Mr. Stenehjem: The Tribal Colleges have opened their doors to non-Native students due to location.

Representative Bob Martinson: That argument should be made to the Federal Government.

(12:10) Chairman Representative David Monson: You should tell the Tribal Colleges to reassess what they charge for tuition and even differentiate the tuition to make up for the Federal Government not paying anything for non-Native students. I think they are leaving money on the table itself.

Mr. Stenehjem: This population does not have access to regular funding means from parents and family, so they need financial help.

(14:05) Chairman Representative David Monson: Do most of these students live on the reservations?

Mr. Stenehjem: Correct.

Chairman Representative David Monson: If I lived in Bismarck, I would seriously look at United Tribes Technical College (UTTC) based on price.

(14:50) Representative Mike Nathe: What are the graduation rates?

Mr. Stenehjem: I do not know that.

(15:20) Chairman Representative David Monson: Let's take a look at Bismarck State College (BSC).

Chairman Representative David Monson: It looks like it was decided for $15M from the state and $6M from the school and community for a Health Sciences building at BSC.

(17:05) Chairman Representative David Monson: BSC's total request list is about $22M in general fund and found on **page 1 of attachment 2**.

Representative Bob Martinson: I do not know exactly why because it gets to be a complicated process and they tend to rotate who gets what.

Chairman Representative David Monson: So Representative Mark Sanford, in the $11M repair tool that has a 2:1 match, that has been for repairs and not used for major remodeling or brand new projects?

(19:40) Representative Mark Sanford: That is true, but if we were to combine them, they could do everything.

Mr. Cronquist: The $417,673 is from the $11M.

Chairman Representative David Monson: Is this their share of it?

Mr. Cronquist: These amounts are strictly appropriated to universities at a consistent rate.

(20:55) Representative Mark Sanford: With their 2:1 match, they would compete for about 5% of the $33M.

Chairman Representative David Monson: Alex, are you saying we did not have $11M set aside?

Mr. Cronquist: In the bill, there is a line for capital and that line includes the $11M for extraordinary repairs. There is not a pool, there is a specific appropriation for each school. There is a 2:1 requirement and to access that $400,000 they would have to raise $800,000.

(22:45) Chairman Representative David Monson: Based on the number of credits, their percentage would have approximated to about $200,000.

Representative Mark Sanford: On the basis of the credits, they would qualify for roughly 5% of the $11M and would still have to match that 5% with a 2:1. They could take another $6 from the credits and gather even more.

Chairman Representative David Monson: That is in the base and not a pool?

Mr. Cronquist: Correct.

(25:00) Chairman Representative David Monson: They can get only $3.5M if we implement Representative Mark Sanford's idea and it would still be way short. How do we finish funding all of these projects? Would they have to bond?

Representative Mark Sanford: That is part of it. They have to be responsible for their own plans and a lot would generally have to bond because of it. We have projects that total a set amount of a set period of time where they could bond and make payments.

Representative Mark Sanford: If they decided they needed it right now, they could get it done.

(27:05) Chairman Representative David Monson: Any college with deferred maintenance could put it on the backburner and use it to fund the building of new projects. We should keep them locked into the maintenance so we can avoid this situation again.

Representative Mark Sanford: My expectation is that each campus would have a multi-year plan so that we can see how you use these revenues for projects.

Representative Mark Sanford: They would lay out a plan on how they would use this funding for the next few biennia.

(29:30) Chairman Representative David Monson: Would BSC be able to come up with a plan on how to remodel and get it approved or are we just hopeful that they could and hope they do well.

Representative Bob Martinson: There just is not money there. I like the maintenance plan of repairing things.

Representative Mark Sanford: I certainly would not argue that. If you want to take the whole higher education list, it would take more than $4 per credit.

(31:20) Chairman Representative David Monson: Even with bonding it will take multiple years.

Chairman Representative David Monson: Is there a way in IBARS (Internet Budget Analysis and Reporting System) to tell how they came up with the $400,000?

Mr. Cronquist: Representative Bob Martinson was correct.

(32:35) Mr. Cronquist: For the $417,000, It does not say which building but it says building exterior of $317,000 and $100,000 for utilities and infrastructure.

Chairman Representative David Monson: Outlines the extraordinary repairs on **page 1 of attachment 2**. Why is UND's (University of North Dakota) so high?

Mr. Cronquist: That is a request for a new STEM (Science Technology Engineering and Mathematics) building. The board and Governor did not include that.

(33:45) Chairman Representative David Monson: I am surprised there are much fewer things there for UND.

Mr. Cronquist: The $4.4M in UND's budget has to be matched on a 2:1 basis and does not have an outline for specific plans.

Chairman Representative David Monson: If we give authorization to build it, they can go do that.

Representative Bob Martinson: They are revenue bonds for the Student Union.

(36:15) Chairman Representative David Monson: We have to give them authority to raise it and spend it on the Memorial Union to raise the fees.

Representative Mike Schatz: I do not want the students to have to pay for this all.

(37:15) Chairman Representative David Monson: I have a hard time tearing down decent buildings. It is easy to say an older building does not meet their needs.

Representative Mike Schatz: What does $80M for a Student Union even do? It seems like it is just food and hanging out.

(38:40) Representative Mike Nathe: The students voted for this, correct?

Chairman Representative David Monson: Yes, but the students who voted will never have to pay the fees. If students and parents have to pay more, we cannot get them to squeeze fees and use that for building.

(39:40) Representative Tracy Boe: They also voted for lowering their fees. I put no bearing on whether the student body voted and it is actually an administrative decision.

Vice Chairman Representative Jim Schmidt: I think it is interesting to spend $80M on the Memorial Union, $35M on Merrifield Hall and another $35M on Athletics high-performance.

Chairman Representative David Monson: That is not how they think.

Representative Mike Nathe: If it is a revenue bond, I think we should give them the authority to do it if it is in their business plan and can support it.

(42:15) Chairman Representative David Monson: I did not know they voted for a lesser fee and to pin it on future students instead.

Representative Mark Sanford: They have a project called Coulee to Columbia in the heart of the campus and is an agreement with the city to redo streets and other projects. Merrifield Hall has been there for a while and is in the heart of the campus. It is a significant part of the operation to get it done soon.

Representative Mark Sanford: The Memorial Union is also in the heart of the campus. I knew they have over $40M in deferred maintenance in the old one. They did tell us they had plans for a maintenance and upkeep pool to avoid this problem.

(44:45) Representative Mark Sanford: You see this at all campuses and how they have neglected maintenance and now have these problems.

Representative Mark Sanford: In addition to this, they have a private public partnership with Johnson Controls where the plant will be moved and ran. The university has provided steam to Altru Health and another school, which is a revenue source and long term contract.

(46:15) Representative Mark Sanford: Johnson Controls will basically foot the bill and generate revenue from the steam plant. So the revenue is the tuition and the steam services sold generate the extra revenue.

(47:20) Chairman Representative David Monson: You talked about the moving of the steam plant and I see nothing on **attachment 2** about the steam plant.

Representative Mark Sanford: It has been going on for 25 plus years.

(48:05) Chairman Representative David Monson: I do not see anything about where that money is coming from or how they will upgrade that. Where is it?

Mr. Cronquist: They are not asking the state for any money. **Attachment 3** was passed out.

Chairman Representative David Monson: The savings in their budget will be their share of the costs?

(49:15) Representative Mark Sanford: Our school district did a similar thing with Johnson Controls a few years ago. We wanted to upgrade some boiler rooms and the project was around $12M to $15M. Johnson Controls guaranteed that they could do this project and that our payment to them could be made from the savings we would have from our utilities bill.

Representative Mark Sanford: Within 6 years, we have that entire project retired without any bond issues or further costs.

(50:45) Chairman Representative David Monson: Right now it is in the general fund that they get X number of dollars and the savings they will have from Johnson Controls reworking this that within a matter of 10 years or less, they will repay everything that it will cost them to do?

Representative Mark Sanford: I am not aware of the terms exactly because it is not my project.

Chairman Representative David Monson: It is a partnership and some point it will be repaid and at some point, do you think we will see a reduction in costs?

(53:05) Representative Mark Sanford: I have not seen the contract, but it is not uncommon for the private part to retain ownership and have a guaranteed rate for their customer.

Chairman Representative David Monson: So it is all built in to their operating?

Representative Mark Sanford: Yes, Johnson Controls also did not get very big by making bad deals.

(54:30) Representative Mark Sanford: The big thing is how are you going to get a $75M steam plant.

Chairman Representative David Monson: From what I am seeing, we have nothing to do. Do we have to authorize the steam plant or can they just do this on their own?

(55:10) Mr. Cronquist: Their attorney said they are allowed to do this without your approval.

Representative Tracy Boe: Are these private and public deals, would Johnson Controls depreciate this steam plant where the state cannot realize the tax savings because it is a non-taxable entity?

(56:10) Representative Mark Sanford: It would be an asset of theirs that has depreciation for tax reasons.

(56:50) Tammy Dolan: It is basically a capital lease. The asset is Johnson Controls for the decided number of years, which I believe is 30 years.

Chairman Representative David Monson: On this $80M for the Memorial Union, that one we would have to give them permission? Did it go through a needs analysis?

(58:05) Ms. Dolan: It was voted on by students and was okayed by the board and Governor as well.

Chairman Representative David Monson: So it is down to us to okay that decision. Are there classrooms in the Memorial Union? There used to be an art department in there.

Ms. Dolan: I think there are to a certain extent.

(59:35) Mr. Cronquist: I do not remember a specific classroom. They do offer a billiards class that takes place in the basement, but that is different.

Representative Mike Nathe: I say we just give them the authority because it is on their shoulders.

(1:00:45) Representative Mike Schatz: Can they come back to us if the revenue bonds do not work out?

Chairman Representative David Monson: They cannot, they will have to raise tuition if they have to.

Representative Mike Schatz: Then I would be opposed to it. What about the other large projects?

(1:01:25) Chairman Representative David Monson: We will have to include it or not include it.

Representative Tracy Boe: How come these agreements are exclusive to steam plants, but not things like Memorial Unions for students. I would think others would want in on depreciating assets.

Chairman Representative David Monson: There is not really any asset for the public in the Student Union besides for students.

(1:02:45) Representative Tracy Boe: The key component is probably the depreciation part of it. The fact that it is depreciable is what attracts the outside private businesses.

Representative Mark Sanford: The private and public agreement generates revenue for Johnson Controls. They have a revenue stream and a tax incentive working for them at the same time. To me, I give credit to the university for finding a way to do this other than asking us for money.

(1:04:50) Representative Mark Sanford: We looked at 3 different steam plant operations. The one at Mayville was fixable, so they remodeled. Valley City State had to have us build it for them and they are trying to create a revenue generator. UND's was a 3P (Public-Private Partnership) and is generating revenue. I think it is unique and solves the problem.

Representative Tracy Boe: I am not criticizing the 3P, I like it and want more of these agreements. As the state of ND, we cannot capitalize on depreciating assets. Why can we not find partners for these other projects.

(1:06:55) Chairman Representative David Monson: How are we as a committee going to bring in a package that we can support and make sure it works. We know we will lose some people from the other committees and they will not look at the source of it. We need a united plan or we will not even get it out with a Do Pass.

Representative Bob Martinson: Tell the guys on the floor to come run this. Straw votes are important and you need to run the committee the way you want it.

(1:09:45) Chairman Representative David Monson: Asks who would be in favor of the allowing authority for the new Memorial Union.

Chairman Representative David Monson: Asks about the special fund donations of $35M for athletics centers.

Chairman Representative David Monson: Merrifield Hall did not make the list.

(1:11:15) Chairman Representative David Monson: The extraordinary repairs are in their base.

Chairman Representative David Monson: How about the $110M for the STEM building?

Representative Mark Sanford: That is a long term project and not in the Governor's recommendation.

Chairman Representative David Monson: That is a no. Deferred maintenance is $45M and covers what?

(1:12:30) Representative Mark Sanford: The deferred maintenance is the outside maintenance for roads and infrastructure that is partnered with the city.

Mr. Cronquist: They requested the $45M and it was not approved by the board.

Chairman Representative David Monson: Okay, that is a no then. Extraordinary repairs are in the base budget for all colleges.

(1:14:05) Ms. Dolan: The $45M was requested as a general fund project. They have another deferred project that would be funded differently.

Chairman Representative David Monson: As far as the $3.8M for Lake Region, they said they could raise the money themselves, but I would like to raise $1M from general funds for them through our proposed formula and have them raise $2M from other funds at 2:1, they will save $100,000 a year in rent.

(1:16:45) Representative Mark Sanford: What are the other funds from Lake Region and to what extent?

Chairman Representative David Monson: Donations that could total $1.5M and up to $2M. That $1M could be worked into our formula for capital projects.

Chairman Representative David Monson: So $1M from the state and $2M from other funds.

(1:18:15) Chairman Representative David Monson: We never did finish BSC either. Extraordinary repairs are in the base budget already. What is the card access thing for BSC on **attachment 2**?

Mr. Cronquist: A program to make their buildings card accessible.

Chairman Representative David Monson: Let's go on down to NDSU (North Dakota State University). Dunbar Hall; the Governor has $25.5M from SIIF (Strategic Investment and Improvement Fund) and $25.5M from donations.

Representative Mike Schatz: Dunbar Hall is for what?

(1:20:20) Chairman Representative David Monson: It is a chemistry building and it is in bad shape. If we tell Lake Region they can raise 2:1, why can NDSU not do that? That is roughly $17M in SIIF money from the state.

Mr. Cronquist: Yes, $17.1M and $34.2M of their raised money and this could fit our proposed formula.

(1:22:15) Chairman Representative David Monson: What is the Agriculture products development center?

Ms. Dolan: That is related to meat and plant research and is a research education that involves Harris and Shepard Halls.

Chairman Representative David Monson: Northern Crops Institute (NCI) project was voted down by the Governor, as was the Engineering complex addition and can be found on **page 1 of attachment 2**.

(1:24:10) Chairman Representative David Monson: What is Barry Hall?

Representative Mike Nathe: Barry Hall, Indoor practice facility and the softball facility are all other funds, which other funds?

Mr. Cronquist: They are all gifted donations and University Village is for revenue bonds.

Chairman Representative David Monson: Are we okay with all of that?

(1:25:45) Mr. Cronquist: Those three are all gifts.

Chairman Representative David Monson: What is University Village?

Representative Mike Nathe: Housing and is revenue bonded.

Representative Mike Schatz: I say no.

(1:26:45) Chairman Representative David Monson: Barry Hall, Indoor practice facility and the softball facility were all gifts and University village were revenue bonded housing.

Representative Mike Nathe: It would be full of paying students.

Chairman Representative David Monson: I do not have a problem with revenue bonds, but I do have a problem with $80M for a Student Union.

(1:28:15) Chairman Representative David Monson: Extraordinary repairs are in their base.

Chairman Representative David Monson: North Dakota State College of Science (NDSCS). Fargo career academy was already considered a no. What is Hektner Student Center?

Vice Chairman Representative Jim Schmidt: If it is not good enough for the Governor, it is not good enough for us.

Chairman Representative David Monson: Extraordinary repairs is in their base.

(1:29:40) Chairman Representative David Monson: Dickinson State University (DSU). Selke Hall was also voted as a no.

Representative Mike Schatz: The $30M is from Legacy fund right?

Ms. Bloms: The $30M here is not the same as the one you talked about. This is the $30M they started on and believed they could raise themselves.

Chairman Representative David Monson: So this is a career academy that is not through CTE (Career and Technical Education).

Representative Tracy Boe: So this is truly other money?

(1:31:30) Ms. Bloms: They have already started working on raising this and it is not money from the state, but it is privately raised.

Chairman Representative David Monson: We would still have to give an okay for this?

Representative Bob Martinson: We gave them the okay last session, but I think they still want our money.

Chairman Representative David Monson: I think this is all other funds that are raised separately and is based on Bismarck's way of doing this locally.

(1:32:45) Representative Mark Sanford: If they are using no state money, why do we have to approve it or give them authority. Is there some state involvement expected?

Chairman Representative David Monson: Whose land is it on?

(1:33:30) Representative Tracy Boe: The footnote on the other funds says it is to be funded by revenue bonds.

Chairman Representative David Monson: Not every other funds though.

Ms. Dolan: The reason it is on the list is because it has not had everything decided and who exactly would own it. So this is really to provide the authority that it ends up being owned by a higher education institution. It is not just like Bismarck's because they bonded it and owned it upfront.

(1:35:20) Chairman Representative David Monson: Did we authorize it last time and if we do not authorize it this time, they could still raise money?

Ms. Dolan: Yes, but it could not be on state land or owned by a higher education institution. Representative Bob Martinson: The board authorized it.

(1:36:20) Vice Chairman Representative Jim Schmidt: So if we do not authorize, they can still raise the money, but not make solid commitments.

Ms. Dolan: Yes, that is correct. We are trying to get the authority.

Vice Chairman Representative Jim Schmidt: Let's help them with that decision and not approve it.

(1:36:50) Representative Mark Sanford: The Bismarck model works and involved no state help. If the Fargo citizens want to do it, let them. If we get involved, it will always include maintenance and other costs.

Representative Mark Sanford: It also gets them to have K-12 work with higher education closely and it gives us no obligation.

(1:38:20) Chairman Representative David Monson: I think for now we put a no on that one. Back to DSU, Pulver Hall is a no and extraordinary repairs are in their base.

(1:39:00) Chairman Representative David Monson: Closes hearing on HB 1003 for the day.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Education and Environment Division
Roughrider Room, State Capitol

HB 1003
1/29/2019
31622

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature Parker Oswald

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota university system; to amend and reenact section 54-44.1-11 of the North Dakota Century Code, relating to the cancellation of unexpended appropriations; and to provide for a transfer.

Minutes: Attachment 1

Chairman Representative David Monson: Opens hearing on HB 1003 and attendance is taken.

(00:45) Chairman Representative David Monson: Begins going over Mayville State University's Capital projects on **page 2 of attachment 1**.

Chairman Representative David Monson: No one approved the Old Main project, so no to that one. Extraordinary repairs are in their baseline.

(2:35) Alex Cronquist: Life safety projects sounds like deferred maintenance like roofing repairs and a few other maintenance projects.

Representative Mark Sanford: Extraordinary repairs has is a part of the tier 1 budget we have been talking about all session.

Chairman Representative David Monson: The $400,000 for life safety is different than the extraordinary repairs.

(4:10) Vice Chairman Representative Jim Schmidt: Why are life safety projects categorized differently if it is still maintenance?

Representative Mark Sanford: They are the same thing. They have been asked to identify how they are going to use their share of the $11M and they have to dictate how they will do that. They likely have other projects that was not covered by the tier 1 maintenance repairs.

Vice Chairman Representative Jim Schmidt: Repairs are repairs, so it does not make sense to me and then deferred maintenance never gets done anyways.

(5:55) Chairman Representative David Monson: Is the $358,992 based on credits?

Mr. Cronquist: I believe it is based on square footage and not credits.

Chairman Representative David Monson: So they have always been entitled to that? If I were them I would certainly do their life safety repairs first with that money.

(7:00) Representative Mark Sanford: I suspect that it is a label used to get our attention. It is maintenance and if we go through with what we have been talking about with adding a second tier, they will be covered.

Representative Tracy Boe: You run the risk of having that on the list for too long and making it a concern for not taking care of it if it really is that threatening.

(8:10) Representative Mark Sanford: Mayville had a request for life safety at a meeting a little while back and NDSU (North Dakota State University) had Dunbar. Both were pitched as really serious needs and the board did not include them on the list and told them to fix it now and not wait. Mayville fixed it and found a way to do it internally.

Vice Chairman Representative Jim Schmidt: So life safety projects are priority 1, extraordinary repairs are priority 2 and deferred maintenance is priority 3. Should they not just be added together?

(10:30) Representative Mark Sanford: They told us when we had a major concern at our school than we had to get it done, so we took care of it.

Representative Tracy Boe: Is it worth noting that the two universities that have life safety projects are the two universities with new presidents?

Representative Mike Schatz: Life safety sounds extreme, it is about fixing something and not life and death.

(12:10) Mr. Cronquist: Life safety could include key cards, security purposes or classroom ventilation repairs, among other things. Some extraordinary repairs and deferred maintenance can be life safety.

Chairman Representative David Monson: What do we do then?

Representative Bob Martinson: I would give them the $400,000.

Representative Mark Sanford: It is covered by the tier 2 proposed formula.

(14:05) Chairman Representative David Monson: We will put a no on that for now. Minot State University (MSU).

Chairman Representative David Monson: How about the student center emergency generators? The Governor did not go with it.

Representative Mark Sanford: That would be covered by tier 2 again.

(15:10) Chairman Representative David Monson: No for the dome emergency generators. Another tier 2 project. No for the Old Main window repair.

Chairman Representative David Monson: Extraordinary repairs is in MSU's base budget.

(16:05) Chairman Representative David Monson: Valley City State University (VCSU) Fine arts building is a request for $32.2M and is a big one.

Representative Mark Sanford: The Governor allotted a smaller amount to repair the standing building now and not build this $32.2M building.

Chairman Representative David Monson: When was this other building built?

Vice Chairman Representative Jim Schmidt: I am not sure.

Representative Mark Sanford: I would say it was built in the 1940's.

(18:25) Chairman Representative David Monson: That is hard. You hate to make them spend money to fix it up if it does not fit their needs.

Representative Mike Schatz: What are they using it for now?

Representative Mark Sanford: I would say very little if anything. Maybe some offices or administrative purposes.

Chairman Representative David Monson: We know Senator Robinson will put something in for this on the Senate side.

Vice Chairman Representative Jim Schmidt: Is that a conflict of interest?

(19:45) Chairman Representative David Monson: No, I do not think so. We will put a no.

Representative Mark Sanford: I do know it is in a bonding bill proposed in the Senate.

Representative Bob Martinson: Are you keeping a running total Alex?

(20:40) Chairman Representative David Monson: If we take out the Fine Arts building, it reduces it by $32M.

Mr. Cronquist: Right now for general fund projects is $33.1M and $237M in special funds.

Representative Bob Martinson: Where are we in relation to the base budget?

Mr. Cronquist: We are up $33M from the base budget.

(22:00) Representative Bob Martinson: I like to have a running total.

Vice Chairman Representative Jim Schmidt: Yesterday we had $7.9M, does that include everything from yesterday, which still did not have salaries included.

(22:30) Mr. Cronquist: That $33M is just capital projects, but if you add everything it's $88M.

Representative Mark Sanford: I am not sure we will have a number that means a lot until we decide if we are doing the phase 2, which is currently proposed at $30M and would cover a lot of these projects, but most likely not the Fine Arts building.

Representative Mark Sanford: In terms of facilities, the $30M would cover almost everything we have been talking about on **attachment 1**.

(24:50) Chairman Representative David Monson: Yesterday we talked about Dunbar Hall, is that too big for tier 2? I put us in for $17M and them for $34M.

Representative Mark Sanford: For NDSU under tier 1 and 2, they will have somewhere around $22M. This would actually be 2:1 with us putting in $4 per credit and them $2 per credit.

Chairman Representative David Monson: I had $17M from the state and $34M from the school.

(26:50) Mr. Cronquist: The proposed idea would create about $30M from the state, so to put it as $34M for Dunbar wipes it out.

Chairman Representative David Monson: So we cannot use that all for Dunbar.

Representative Mark Sanford: The Governor said to create an equal match for Dunbar. The institution would have the authority to use all of their money on a project or bond the project using some of the money.

(28:20) Representative Mark Sanford: They have the ability to bond short term.

Chairman Representative David Monson: Okay, we will leave it how it is now.

Representative Bob Martinson: The Challenge Grant, we specifically do not allow buildings. The reason for this is because it is a lot harder to raise scholarship money than it is to raise building funds.

(29:45) Chairman Representative David Monson: I think you are right, but let's leave the $10M where it is now.

Representative Bob Martinson: The Challenge Grant has been very successful to use to raise money with.

Chairman Representative David Monson: We better keep moving. Life safety projects under VCSU is a no. Deferred maintenance is a no. McCarthy Hall is a no because we do not want to force them to do something they do not want to do. Extraordinary repairs is in their base budget.

(31:40) Chairman Representative David Monson: The deferred maintenance could fit under tier 2?

Representative Mark Sanford: Yes. The tier 2 for VCSU would provide approximately $1.4M.

Chairman Representative David Monson: They have a total of $3.6M worth of repairs. They would have to borrow or bond over a few years.

(33:10) Chairman Representative David Monson: How about Dakota College at Bottineau (DCB)? The Nelson Science Center is pretty old and they cannot cover the cost.

Representative Mark Sanford: The dining center is on the bottom level and not accessible.

Mr. Cronquist: The dining center is a different project.

Representative Mark Sanford: The Nelson Science Center is only partially finished from before. They need to finish the HVAC system.

(34:45) Chairman Representative David Monson: The back-up boiler is a

Chairman Representative David Monson: Can they even bond for a dining facility renovation based on size of enrollment?

Ms. Dolan: Probably not.

Mr. Cronquist: That request was not submitted to the board and the first time I saw it was in the Governor's budget.

(36:30) Chairman Representative David Monson: The dining facility is under revenue bonds, and I do not think we can afford it. The extraordinary repairs are in their base.

Mr. Cronquist: Is it a no on the dining facility renovation.

Chairman Representative David Monson: Put DCB and VCSU as things we have to get creative with.

Mr. Cronquist: Which project for VCSU?

(38:00) Chairman Representative David Monson: Put the whole thing on there. They both have needed projects, so we will look at the whole things. We will have to see what the Senate has to say?

Vice Chairman Representative Jim Schmidt: What did we do with the Lake Region Dakota precision agriculture center?

Chairman Representative David Monson: We put in $1M and they have to raise the rest.

(39:20) Chairman Representative David Monson: That is on **page 1 of attachment 1**.

(39:50) Representative Bob Martinson: We could give more than $10M in the Challenge Grant and we could say that has to go to repairs or new construction and we could do it by school.

Chairman Representative David Monson: Explain how you would do it by school.

Representative Bob Martinson: Say Dunbar Hall, we could give them extra money by picking and choosing based off of needs-based projects.

Vice Chairman Representative Jim Schmidt: Representative Bob Martinson, with respect for building money I would maybe hold off with the fact that there is a ton of maintenance to do yet.

(41:30) Representative Mark Sanford: This works very well with our tier 2 idea of deferred maintenance and other sort of building projects. You have to take care of the repairs with the money given in the first two tiers.

Vice Chairman Representative Jim Schmidt: Along with that, we have given them money for deferred maintenance and they have not used it for maintenance, so we will have to be stricter on that.

Representative Mark Sanford: The tier 1 money has been used very well for its intended purpose. We only give them $11M and they have to find the other $22M.

(43:45) Chairman Representative David Monson: So we talked tier 1 where we put in $1 and they put in $2. Tier 2 is $2 from us and $1 from then, which is $3 and $3.

Representative Mark Sanford: We changed from a formula to the one we have now. The old formula had a list dedicated to deferred maintenance and the answer was $11M. It was not based on the new formula; it was based on the old formula.

(45:30) Chairman Representative David Monson: We need to unveil this soon.

Representative Mark Sanford: I could do it this afternoon.

Chairman Representative David Monson: Can you do it in 30 minutes?

Representative Mark Sanford: I can try.

(46:20) Chairman Representative David Monson: Closes meeting.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Education and Environment Division
Roughrider Room, State Capitol

HB 1003
1/30/2019
31804

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature Parker Oswald

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota university system; to amend and reenact section 54-44.1-11 of the North Dakota Century Code, relating to the cancellation of unexpended appropriations; and to provide for a transfer.

Minutes: Attachment 1

Chairman Representative David Monson: Representative Mark Sanford has been working on a tier 1, tier 2 and tier 3 plan.

Representative Mark Sanford: The two folks in the back row produced the document for my tiers. I had input on it, but they produced it.

David Krebsbach: Passes out **attachments 1**.

(1:45) Chairman Representative David Monson: Representative Mark Sanford, will you walk through **attachment 1**?

(2:25) Representative Mark Sanford: The goal is to provide a composite form of a higher education building fund by an institution by institution basis and creates a plan on how to go about deferred maintenance and building projects.

Representative Mark Sanford: We created a 3 tiered system. Tier 1 already exists in law and the 2:1 match that produces $33M has been going on for a few biennia.

Representative Mark Sanford: Tier 2 is simply based on weighted credit hours and adjusts the rate just like the funding formula. Continues to outline the tier 2 column on **page 1 of attachment 1**.

(5:25) Representative Mark Sanford: Tier 3 utilizes additional dollars from the Challenge Grant at $20M or whatever that uses a 2:1 match to generate $60M. So tier 1 is in place, tier 2 is the new option and tier 3 is the Challenge Grant. All used together create a very large sum of money to be used.

Representative Mark Sanford: If we used the traditional method, we could only pay for Dunbar Hall, but with this way, we can literally take care of everything on **page 2 of attachment 1**.

(7:35) Representative Mark Sanford: It is better than using money to build one building at a time.

Chairman Representative David Monson: There are a number of bonding bills currently in the Senate and some of them include buildings on this list including Dunbar Hall and the Valley City State University (VCSU) projects.

(8:35) Chairman Representative David Monson: If some of them pass and cover the big ticket items, that just means there is more money in this plan to get maintenance and smaller projects completed. I do not see any way to fund a lot of projects without this mechanism. Our leadership seems very positive about this.

(9:55) Representative Tracy Boe: What might be problematic for the tuition source would have the colleges believing that they are taking their ability to match. My point is that we know the tier 1 works and we really like that. I was thinking of putting more money into tier 1 before moving onto tier 2 because not all universities would have the ability to match.

Representative Tracy Boe: We get more bang for our buck in tier 1 than tier 2.

Chairman Representative David Monson: You are thinking more funds from tuition or fees?

(11:25) Representative Tracy Boe: There would be pushback or flaws with an increase of tuition. We would have to find a different source I think.

Chairman Representative David Monson: I am still thinking that overall education in this state is a pretty good bargain. I am a little hesitant to add extra fees because they are going to be rolling their existing fees together.

(13:00) Chairman Representative David Monson: By rolling the fees together, it will be harder to identify those fees and decrease transparency. If we do increase tier 1 by getting more fees or tuition into the pool, it might not work so well.

(14:10) Chairman Representative David Monson: Are we planning to do the regular old Challenge Grants? We only have $2M in the Challenge Grants?

Mr. Cronquist: That was just one-time funding, so there is no base money right now.

Chairman Representative David Monson: What should we do?

Representative Bob Martinson: If the students do not have decent facilities to use, it really is a wash. I do support using Challenge Grant money for other things as well.

(15:15) Chairman Representative David Monson: Would tier 3 of **attachment 1** be used strictly for buildings, at their discretion or scholarships like before?

Representative Bob Martinson: I like the idea of at their discretion.

Chairman Representative David Monson: There might be some colleges that do not have needs and could clear up some maintenance.

(16:20) Representative Bob Martinson: If you have Challenge Grant money that gets matched by a donor 2:1 for naming rights. Rick Burgum is a donor and knows a lot of donors too. He said it is easy to get building money, but not easy to get scholarship money and that is why we chose the scholarship guidelines for Challenge Grant.

Representative Mike Nathe: We could add flexibility like setting money for how the Challenge Grant stands now and the other portion goes with Representative Mark Sanford's proposed changes.

Chairman Representative David Monson: Would we have to designate it?

Representative Mike Nathe: You could put a cap on each, like $20M for building and $10M for scholarships.

(19:20) Representative Mike Nathe: I realize my numbers were high there, but those were examples. We could write it so that we can address building needs and still keep the scholarship requirements.

Chairman Representative David Monson: Let's take Williston as an example on **attachment 1**. They can come up with $593,403 in tier 1 and another $622,362 for almost $1.2M available without even using tier 3.

(21:15) Chairman Representative David Monson: I was thinking that if a campus can do all of the maintenance with tiers 1 and 2, that they could get it all cleaned up.

Chairman Representative David Monson: Let's look at Lake Region on **attachment 1** and the very poor building they are renting for $100,000 a year. They are looking at $466,101 in tier 1 and $800,244 in tier 2 to build this building, they will save a lot in funds. They also expect a lot of donations.

(23:45) Chairman Representative David Monson: I am trying to find something that can get everything done without the Challenge Grant. They could get everything done without having to bond or go into debt.

Chairman Representative David Monson: Do we think Representative Tracy Boe's idea will infringe on the college's revenue stream to match tier 1 and 2?

(25:35) Tammy Dolan: I think that each institution will probably be in a different situation. Some may have donors that can kick money or some may have to relocate money in the budget. So some may not have the ability to do that, but they would like the flexibility to do so.

Representative Mark Sanford: Tier 1 has the capacity to raise more money locally when we put it in. All of tier 1 is in place and if you were to take $10M of new money and put it into tier 1, that would produce another $20M from them internally. Now you are looking at $63M total.

Representative Mark Sanford: If you went and paired that with the Challenge Grant, you would have a lot of extra money working with you too.

(28:40) Chairman Representative David Monson: The source of the money in tier 1 is internally and tier 2 is outside.

Chairman Representative David Monson: Not every college was able to utilize their money at tier 1, so if we increase it they may not be able to still.

(29:20) Representative Mark Sanford: If I were a campus I would prefer tier 2 because there is more state money coming in. For the relatively amount of money, you would get more bang using tier 1. At the end of the day that would provide more money, but it asks them to come up with another 2:1.

Representative Mark Sanford: When we talk about a bonding bill, if you have a bonding bill that has Dunbar in it, what if you just replaced Dunbar with this model? That would provide all of the new money sitting there.

(31:10) Chairman Representative David Monson: I had a similar thought about using the Bank of North Dakota where using low interest, we could borrow and fill this pot without using general fund money. We could borrow it in the State's name.

Chairman Representative David Monson: We could use money from the State's bank and put the money out here because we do not have money from random places. It does have to get paid back, so maybe that is not a great idea either.

(32:50) Chairman Representative David Monson: Who is going to bond for a boiler or a $2M deal in Devil's Lake? If we bond $30M, which we need for tier 2, as a general obligation bond, we will be able to cover tier 2 without any other money.

Representative Mike Nathe: We could find money from the profits of Bank of North Dakota. I think we need to keep this idea moving forward and there are other places we can get money from as well. We can take $10M out of the Bank of North Dakota's profit.

(35:00) Chairman Representative David Monson: What if we have a revolving loan fund? In this particular instance, Bank of North Dakota would not be losing or gaining money really. Can we fill up the pot this time?

Representative Mike Nathe: That is what Senator Schaible is doing on the Senate side.

Chairman Representative David Monson: K-12 can always bond and use property tax. I would rather see it in here because higher education does not have tax revenue and extra funds like K-12.

(36:50) Chairman Representative David Monson: I would like to take some of the money from Senator Schaible's bill and use it here.

(37:15) Representative Mark Sanford: I appreciate the discussion. The idea is to keep this moving and the concept structure can be carried toward the finish line. I think it comes down to what level you want to keep it going forward at.

Representative Mark Sanford: For example, I listed for $10M you could use Representative Tracy Boe's idea in tier 1 that produces a nice return and would make tier 2 out of it. You would still have the Challenge Grant money in there.

(39:25) Representative Mark Sanford: The other model would be to use Bank of North Dakota's profits and aim that towards tier 2 or the Challenge Grant.

Representative Mark Sanford: Option 3 could be bonding. Option 4 would be to get some money from Senator Schaible's bill. I think Representative Mike Nathe's proposal on Bank of North Dakota profits.

(40:35) Chairman Representative David Monson: I like tier 1 and would like to see it grow, but finding a way to fund tier 2 and 3 would help. Tier 1 is in the base and works, so I would like to see us work with tier 2 and 3 more.

Representative Mark Sanford: If you permitted an extra 1% of tuition, you could base it on the premise that they could do it if they raised $2 more internally. The tuition raise would be based on their ability to raise internally.

Chairman Representative David Monson: Are you saying the 1% is us splitting the money?

(43:25) Representative Mark Sanford: They would have permission to raise 1% if they had $2 matching for every dollar raised.

Representative Mark Sanford: The thing about tier 1 is that there would be no new money to the state.

Chairman Representative David Monson: $1 per credit raises $7.5M, right?

(44:20) David Krebsbach: A 1% increase per year over the biennium would create $8.6M in revenue.

Chairman Representative David Monson: 1% would change would barely affect students overall cost.

Ms. Dolan: It varies by institution.

(46:00) Chairman Representative David Monson: Let's just say it is $200 for a good round number, that 1% increase would be $2.

Representative Mark Sanford: This is weighted credits, so it does not relate to the total credits.

(46:55) Representative Mark Sanford: I think that provides a little deeper dive of what the numbers exactly look like. It would be nice of what the others would try to include.

Chairman Representative David Monson: The Medical School is not on here and cannot make use of tier 1, right?

Representative Mark Sanford: They are a part of University of North Dakota (UND), so UND covers them.

(48:00) Chairman Representative David Monson: The students and residents would pay different because the residents do not gain credits. I would hate to have the Medical Students pay more money to not see as much of a benefit.

Representative Mark Sanford: I think short term it may not be a big deal, but the maintenance problems are not on a consistent timeline, so they have to be ready.

Representative Mike Schatz: Does the board of higher education have to approve tuition hikes?

(49:40) Chairman Representative David Monson: Yes, they do. We would have to submit this to the board. Could we raise it and expect all colleges to have to do this?

Representative Bob Martinson: It has been done in the past, so we can raise it or lower it.

Ms. Dolan: Representative Bob Martinson is right and legislature has set caps before, so it can be done.

(51:05) Chairman Representative David Monson: So if we say we want a 1% increase to use for tier 1, there should not be a problem?

Ms. Dolan: If you had permissive language, we could allow it.

Chairman Representative David Monson: The State's share of the $11M could capture the tuition and if the school wanted to raise tuition further they could. Do they have to find the 2:1 match in their budget?

(52:20) Ms. Dolan: There is no set parameters on where the money has to come from. Williston has not done it yet and Lake Region may not be able to find a match. Williston has not used any of the extraordinary repairs money.

Chairman Representative David Monson: Can it be carried over?

Ms. Dolan: Yes, but they would still need the 2:1 match.

(53:35) Vice Chairman Representative Jim Schmidt: Let's use Bottineau, if they raise tuition, does that help them with their revenue bond?

Ms. Dolan: No because they would pay that bond back with the revenues, but it would stabilize.

Vice Chairman Representative Jim Schmidt: We are talking about revenues based on food sales and not tuition?

(54:25) Ms. Dolan: Correct. Like UND's Memorial Union, they would use the revenues made from that to pay it off and it does usually work.

Chairman Representative David Monson: They could raise their fees for eating there, but then the students will find cheaper options. They sell their plan at the beginning.

Ms. Dolan: They change across the institutions, but there are normal ways to eat and that is all considered in the bonding.

(56:15) Chairman Representative David Monson: It is also like dorm rooms and renting those out. The revenue from renting it out pays for the bond. Can they use other revenue to pay the bonds if there was a shortfall?

Ms. Dolan: They could technically, but they are self-supporting operations.

(57:20) Representative Mark Sanford: Bottineau has a request in here that relates to their food service, does it also relate to housing?

Ms. Dolan: I believe that is only dining services.

Representative Mark Sanford: Each of these institutions have a historical record of how they handle these revenue bonds by how they produce the revenue. It is just kind of a matter of keeping up the quality, but Bottineau seems to struggle. Am I right on that?

(58:50) Ms. Dolan: That is correct. It depends on volume and how many people use it.

Chairman Representative David Monson: A lot of the Bottineau students live in Minot and take classes through Trinity Health. How many students are on the campus to utilize this?

(59:45) Representative Tracy Boe: If you bought a bonding project that cannot produce enough revenue to service the bond, obviously you are building something that exceeds what you will be using.

Chairman Representative David Monson: The Governor included $2.5M of special funds, is that to remodel or totally tear down and build new?

Ms. Dolan: I am not entirely sure on the specifics of that. For them to be able to issue bonds, they have to convince a bonding agent that they could actually pay that back. They would have to scale down in order to even receive it.

(1:01:40) Vice Chairman Representative Jim Schmidt: If they do a revenue bond on a chemistry building, can they do that?

Ms. Dolan: No, they cannot.

Vice Chairman Representative Jim Schmidt: So that only applies to a revenue producing building. If they increase tuition and the still bond, the student would have to pay more to eat then?

(1:02:30) Ms. Dolan: Correct. The building has serious problems and they do not have a different way to fund this without coming to the legislature.

Representative Mike Schatz: Who is the bonding agent?

Ms. Dolan: There is a bonding market and they are sold nationwide.

(1:03:45) Representative Mark Sanford: Karlene Fine gave us very good information on bonding.

Vice Chairman Representative Jim Schmidt: Did the legislature set it up that they can only use revenues for the building that is being bonded? Where did that come from?

(1:04:25) Ms. Dolan: I know that is industry wide and I am not sure where that originated.

Vice Chairman Representative Jim Schmidt: Did the legislature or system do that?

Ms. Dolan: That has been the standard for years and years.

Chairman Representative David Monson: I think we decided for Bottineau that the only way out of this is to have the state give them money.

(1:05:40) Chairman Representative David Monson: We can let this percolate a bit, but is there anything else in HB 1003?

Chairman Representative David Monson: Let's look at the salary line items across the campuses for 2% and 2%. Alex, can you come up with some numbers? Are there other cuts recommended by the Governor?

(1:07:00) Chairman Representative David Monson: I think our consensus is to leave the formula and taken care of the outlier that did not fit into the formula with HB 1030. Any changes to the formula that need to be made?

Representative Mark Sanford: I think there is another bill that came out of the interim committee that wanted to study the formula. The nature of this study is to update the values that are used for weighting and take a look at distance learning and the cost associated with it.

Representative Mark Sanford: I think the institutions like it and it supports a funding model. They can look for a few years in advance and help them plan. I do not think we need to mess with weighted credits and things like that.

(1:09:20) Chairman Representative David Monson: I heard campus testimony saying they liked it, but I did hear the Governor recommend taking out the weighted credits for the Medical School.

Renae Bloms: We worked with Ms. Dolan and to adjust it to make it base funding and not one-time funding. It brings the number down and creates its own line item.

Chairman Representative David Monson: UND is getting a padded bump due to the Medical School?

Ms. Bloms: Correct.

(1:11:05) Representative Mark Sanford: That does make sense and was noted by the higher education folks.

Chairman Representative David Monson: Are we okay with that? It is not much of a formula change.

Representative Mark Sanford: It is a change, but it is appropriate and they should not get extra money for non-counting credits.

(1:12:00) Vice Chairman Representative Jim Schmidt: Can we change the formula in appropriations or does it have to be reviewed?

Representative Mark Sanford: There was the temptation the very first session after this formula was added to modify weighting factors. We did not want to get into the weeds to much because it is complex. It removes the temptation for local or political adjustments.

Representative Mark Sanford: The study will keep it clean and current from a reliable, independent source to update the formula. North Dakota State College of Science is the only one that gets a bump because the small class sizes take up a lot of space, like the diesel program.

(1:14:40) Representative Mark Sanford: They receive a large bump and the reason it is controversial is because there is no standalone in the model that causes this. These classes would have to receive extra weight because they do need more room for their courses.

Chairman Representative David Monson: I do not think we are going to change that. The formula has been working for 6 years and the tweak to the Medical School credits seems like something we should be doing. Are we okay with making the tweak?

(1:16:25) Chairman Representative David Monson: It would remove the number of credits that UND would get.

Representative Mark Sanford: Do you know what the cost savings were on that?

Ms. Bloms: There is not really a cost savings, it is more of just moving it into its own line.

(1:17:20) Chairman Representative David Monson: Since we are talking about residencies, the Medical School is not really looking to add the 16 extra spots.

Representative Bob Martinson: I was told the President wants to keep the base of 35 spots and that they are not asking for the extra spots.

Representative Bob Martinson: They could have saved us an hour and half. I think we should move forward with the Medical School as it is.

Chairman Representative David Monson: I think we should move forward with the base as it is.

(1:19:00) Vice Chairman Representative Jim Schmidt: I am mystified by that because they made it seem that the positions were needed, but now that is not the case.

Chairman Representative David Monson: We just had the medical associations in the Great Hall and they did not promote more residencies.

Representative Mark Sanford: The priority they have is maintaining the current base. That does not diminish the importance of the residencies, but they did not want to add those by cutting something else.

(1:20:20) Representative Mark Sanford: They did make it clear that they could fill those spots easily, but there is a reality to the budget and would prefer to stick to their base.

Chairman Representative David Monson: If hospitals really wanted to get more residents, they could pay for them.

(1:21:05) Representative Tracy Boe: Do they have the ability to expand the program if the hospitals covered the cost?

Chairman Representative David Monson: Alex, would we need to grant the school authority if the hospital foots the bill for the residents? The Medical School should not need it in their budget.

Mr. Cronquist: In the higher education bill, there is always the special fund appropriation, so they could accept that money.

(1:22:25) Chairman Representative David Monson: So we could add a couple million dollars in special funds?

Mr. Cronquist: They can accept it either way.

(1:22:55) Chairman Representative David Monson: We are down to looking at line items in the budget. Let's plan on looking at line items from 2:30 to 4:30 today.

Mr. Cronquist: You already have gone through all of the green sheets. I have a list together and can adjust it for what we have just made up.

Chairman Representative David Monson: We have not necessarily looked at the base bill itself, but we can look at the affect for that. If you can find a sheet with the Governor's 4% and 2% recommendation.

(1:24:40) Mr. Cronquist: We do have the salary numbers. Would it be your intent to do the salary and benefit increase because they have historically gone with an inflationary factor rather than salary and benefit increase?

Representative Mark Sanford: I think it should be consistent.

Representative Bob Martinson: I agree.

Mr. Cronquist: Consistent with that you have done before or other bills?

(1:25:40) Chairman Representative David Monson: I would think other bills. We will talk about that this afternoon. They should be able to find it in their budget.

(1:26:15) Chairman Representative David Monson: Closes hearing on HB 1003.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Education and Environment Division
Roughrider Room, State Capitol

HB 1003
1/30/2019
31827

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature Parker Oswald

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota university system; to amend and reenact section 54-44.1-11 of the North Dakota Century Code, relating to the cancellation of unexpended appropriations; and to provide for a transfer

Minutes: Attachments 1-3

Chairman Representative David Monson: Calls the hearing of HB 1003 to order and begins to outline the figures on **attachment 1** that outlines the proposed changes.

Mr. Cronquist: If you look at the detailed listing on **page 1 of attachment 1**, you will see these projects on **line 15**. **Attachment 2** is a list of the projects you wanted to talk about again.

(2:00) Chairman Representative David Monson: We want to see Dunbar Hall go forward, but I am not sure it fits under the 3 tiered system.

(2:30) Representative Mark Sanford: Alex, what are the special funds you have there?

Mr. Cronquist: After discussing Lake Region matching 2:1, you mentioned doing the same thing for Dunbar Hall.

Chairman Representative David Monson: Not necessarily using the 3 tiered system.

(3:10) Representative Mark Sanford: It proceeded it.

Chairman Representative David Monson: We may have to talk about Dunbar Hall being its own 1:2. Where is the other $33M?

Mr. Cronquist: It is on **attachment 1 in line 15**.

(4:20) Chairman Representative David Monson: Job Service has a general cut of $15,372.

Mr. Cronquist: I am not familiar with the changes you have made, but that does include the increase of 2% and 2%.

Chairman Representative David Monson: Even with the increase of 2% and 2% for salaries, it still maintains a slight decrease. Commerce has been increased by $138,440 over the base and that includes the 2% and 2%.

Mr. Cronquist: You are the only one who has the sheet you are reading from **(attachment 3).**

(5:20) Chairman Representative David Monson: Can you make copies for everyone please?

(6:30) Representative Mark Sanford: Can you provide me with the specifics on **line 3 of attachment 1** about the compensation adjustments?

Chairman Representative David Monson: The only place it could come from is salary increases.

Representative Mark Sanford: What would the other sources that are not Federal?

(7:45) Chairman Representative David Monson: Northern Crops Institute (NCI) and the contracts they get in.

Representative Mark Sanford: Is it SIIF (Strategic Investment and Improvement Fund)?

Chairman Representative David Monson: No, not for salaries.

(8:30) Renae Bloms: It could be from anything like tuition or fees, but it will not show SIIF or anything in the salary lines.

Chairman Representative David Monson: So it is all basically UAS (Unmanned Aircraft System) related.

Representative Mike Schatz: The general fund earnings and legacy fund earnings; are they in the bank?

Representative Mike Nathe: The end of June.

(9:30) Chairman Representative David Monson: They are being spent now as they come in.

Representative Mike Schatz: We are spending it down the road?

Chairman Representative David Monson: Legacy fund earnings are being spent for this biennium, the 2019-2021 biennium. So much Legacy earnings come in per month, but anything we say is Legacy earnings will be there at the end of June, 2021.

(11:00) Chairman Representative David Monson: If we are spending this money and it has not come in, we have to borrow from Bank of North Dakota.

Representative Mike Schatz: The principle is not being touched, but earnings are interest off of that. The oil tax is principle money and is in there right now.

Chairman Representative David Monson: That is what it is.

(12:00) Representative Mike Schatz: So we do not have that and there is no guarantee if comes in due to oil fluctuation. It is very shaky.

Chairman Representative David Monson: We will always have the interest from the principle, but it does not come in until they get the check.

Representative Mike Nathe: So we spent $200M of earnings last time, but some say $300M to $400M. How do you understand it?

Mr. Cronquist: The earnings are actually realized until July, but technically the unrealized is June 30th. It is possible to not have any earnings, but it increases the general fund ending balance and if it is over $65M, any excess gets transferred to the stabilize fund.

(15:00) Chairman Representative David Monson: So that is a timing trick to stabilize it. It has to be 15% as well. I think we are okay on this, but there are smarter people than me that are on both sides of this.

Chairman Representative David Monson: Our Legacy fund earnings on **attachment 3** show promise. I do not know if we have the ability right now to promise $50M. We will wait and see where that goes.

(17:00) Chairman Representative David Monson: The only Legacy fund earnings spent are $10M for Challenge Grant and $50M tentatively for Teddy Roosevelt Library.

Representative Mike Nathe: The estimate for SIIF is what as of today?

Mr. Cronquist: I will have to check that out.

(18:10) Chairman Representative David Monson: I think we have done fairly well and **attachment 3** includes the 3 tiered system as well.

Mr. Cronquist: On **attachment 1, item 1** is base payroll adjustments and they are changes that have already happened.

Chairman Representative David Monson: They are cutting 157.89 FTE (full time employee)?

(19:55) Mr. Cronquist: Last session, Governor Dalrymple asked for a 10% budget reduction and 15% from Higher Education. Governor Burgum requested another 5% cut.

Representative Mike Schatz: Where did the $14M in special funds come from?

Mr. Cronquist: Tuition and not spending as much on salaries and benefits.

(21:00) Chairman Representative David Monson: So a lot of these are lower salaries than the Governor recommended and because these people are funded by research money, is that how this $14M is saved?

Mr. Cronquist: The legislative assembly reduced the general fund by a certain percentage. When there is an FTE that is half paid by general and half by special funds, there are no more general funds to pay that position.

(22:20) Chairman Representative David Monson: We are not changing the formula, but the same amount of revenue will be going into these schools. If they make more money on tuition or get more grant money, they have the ability to increase their FTE and what they spend, correct?

Mr. Cronquist: They can hire those if they have the money.

Chairman Representative David Monson: So the reduction of $14M in special funds may not happen?

Mr. Cronquist: Correct. When they added up all of the salaries in IBARS (Internet Budget Analysis and Reporting System), it was $14M less.

(24:00) Chairman Representative David Monson: This is mostly due to salary.

Mr. Cronquist: The base payroll adjustment was not on the green sheets.

Representative Mike Schatz: When you talked about the Legacy fund earnings, what were the two types of investments?

Mr. Cronquist: There were realized gains and unrealized gains. If you own a stock that is $100 per share and it went to $110 and sold it, it would be a realized gain and if you continued to hold, it would be an unrealized gain.

(25:30) Chairman Representative David Monson: I am assuming they are pretty safe investments.

Mr. Cronquist: The target return is lower for the Legacy fund relative to retirement funds.

(26:30) Chairman Representative David Monson: **Returns to attachment 1** on line **item 2 and 3**. Line **item 3** is $18M increase due to 2:1, correct?

Representative Mike Schatz: Who decides this?

Chairman Representative David Monson: That will probably be in the OMB (Office of Management and Budget) budget and will be seen by the Senate and House leaders. Right now, the budget will show an $18M increase, which can be looked at as a cost to continue.

(28:05) Chairman Representative David Monson: Is **item 4 on attachment 1** the increased number of students?

Mr. Cronquist: These are the last 2 year's data.

Chairman Representative David Monson: So we have the numbers already then. Returns to **attachment 1 on item 5**. **Item 6 on attachment 1** just keeps the base number of 35 residencies. **Item 7** replaces funding for PCEP, what is PCEP?

Mr. Cronquist: That is veterinarians and dentists and things.

(29:40) Chairman Representative David Monson: **Item 7** outlines the Tribal College funding as well. Is **item 8 on attachment 1** the old Challenge Grant or tier 3?

Mr. Cronquist: This would be the old one. I believe Representative Mark Sanford proposed $20M for tier 3.

Chairman Representative David Monson: Do we want to leave $10M in there?

Representative Mike Nathe: Leave $10M for now and it can always be changed later.

(31:05) Chairman Representative David Monson: We have $2M this time only and there is nothing in the base because it was one-time funding.

Representative Bob Martinson: It is a tough call.

Vice Chairman Representative Jim Schmidt: I say $2M, but keep it in place.

Representative Tracy Boe: I will go with $2M.

Chairman Representative David Monson: I would like $5M myself.

(32:30) Chairman Representative David Monson: We have a lot more $5M than $10M. If we swing the tier 3 plan it may be hard to hold. We will put it in at $5M for now. Full committee might take a whack at us.

(34:00) Chairman Representative David Monson: That is Legacy fund, but filtered from Legacy fund earnings put into the general fund.

Representative Mike Nathe: Leave it $5M and see what happens.

Chairman Representative David Monson: **Item 9 on attachment 1** is a bit controversial. If you want leverage with the Senate, this might be the place to get it. I would like to see this continue, but we could trim that.

(35:35) Representative Tracy Boe: I thought that was leveraged and was bigger than that?

Chairman Representative David Monson: No, it was one-time funding last time. They had that $9.2M, but that was swept back.

Vice Chairman Representative Jim Schmidt: What happens if we do not?

Chairman Representative David Monson: The Senate will put it in.

Vice Chairman Representative Jim Schmidt: Is that to our advantage or theirs?

Chairman Representative David Monson: It will buy one person if we put it at $250,000.

(36:55) Vice Chairman Representative Jim Schmidt: My thought is to reduce it $250,000 and let it come out as a wash later.

Representative Bob Martinson: I am comfortable either way. Senator Wardner wants an endowment and they will probably tuck $10M away and use the interest on that.

Chairman Representative David Monson: Are we okay with $250,000?

(38:15) Chairman Representative David Monson: **Item 10 on attachment 1** is already done right? No, we have not finished that. I think this is the needs-based grants increase. Why is it on this sheet?

Mr. Cronquist: In HB 1031, there is a larger increase to go from $1,900 a year to $3,000 per school year.

(40:00) Chairman Representative David Monson: **Item 5 on attachment 1** has been kicked out.

Mr. Cronquist: **Item 5 on attachment 1** does not include any money, just a Century Code change.

Chairman Representative David Monson: We will take up HB 1031 after this so we can talk about it in full committee.

(40:45) Chairman Representative David Monson: **Continues to attachment 1** and the committee has already okayed items 11-15.

Chairman Representative David Monson: Other proposed changes on **attachment 1** has some controversial topics. Can they create a stem cell library without our approval? Has the Medical School heard about this yet?

(42:10) Tammy Dolan: We have not talked about that yet.

Representative Mike Schatz: Is he a geology teacher?

Chairman Representative David Monson: No, he is a just a graduate. Senator Holmberg said he is a former student of his and has taken classes in a lot of different fields.

Chairman Representative David Monson: I think it is a good idea, but controversial.

Representative Mike Nathe: This may be something for a policy committee. You talked about a study and that is something they could take up because it might not be a topic for our part of the committee.

(43:55) Chairman Representative David Monson: Can we put that in as a study? We can always put it in as legislative management will consider. I do not think the Medical School will go for it. Put it in Alex, but do not mandate it.

(44:55) Mr. Cronquist: We will have to add that into the Century Code.

Chairman Representative David Monson: We had it this morning as a 1% increase in tuition. You can leave it on the list as a possibility, but we may still change up the 3 tiered system. **Items 2 and 3 on attachment 1** go together.

(46:05) Chairman Representative David Monson: **Item 4 of attachment 1** has to happen. **Item 5 of attachment 1** was okayed already. **Item 6 of attachment 1** goes with **items 2 and 3**. And we will deal with **item 7 of attachment 1** later.

Chairman Representative David Monson: Representative Johnson told me to put MHEC (Midwestern Higher Education Compact) in here for $230,000 so the students can buy cheap insurance.

Representative Bob Martinson: If we do not renew MHEC, we can continue with WICHE (Western Interstate Commission for Higher Education).

Chairman Representative David Monson: I think we get more benefit from MHEC, but for $230,000, it is not a bad thing.

(48:50) Chairman Representative David Monson: Explains a story of being without power and in need of a ride this morning. Can I put $230,000 for MHEC in here?

Chairman Representative David Monson: I was pushing for it anyways. I had about half of you, so put it in there.

(51:30) Chairman Representative David Monson: WICHE is already in the base. Closes meeting.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Education and Environment Division
Roughrider Room, State Capitol

HB 1003
1/31/2019
31952

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature Parker Oswald

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota university system; to amend and reenact section 54-44.1-11 of the North Dakota Century Code, relating to the cancellation of unexpended appropriations; and to provide for a transfer.

Minutes: No Attachments

Chairman Representative David Monson: Opens hearing on HB 1003.

Chairman Representative David Monson: We are going to take up a quick few things on higher education. Did we act on HB 1030? HB 1030 is the hold harmless bill to give emergency funds to higher education institutions.

(1:30) Representative Bob Martinson: I think it is time we look at putting the residency program in the base budget.

Chairman Representative David Monson: There is some in the base, but what do you mean?

Representative Bob Martinson: It was one-time funding.

Alex Cronquist: The residency would be pulled out of the formula and put into the base budget as ongoing funding. You are adding money to increase funding because it was one-time funding.

(2:50) Chairman Representative David Monson: It funds 35 residency spots.

Mr. Cronquist: It is just under $10.7M to fund that.

Chairman Representative David Monson: Representative Delzer asked about HB 1031, but we added $2M and made the maximum per semester $1,100.

(3:50) Representative Mark Sanford: I thought there was a short discussion of Representative Owens' bill of HB 1122 and making a needs-based program for it.

Chairman Representative David Monson: What is HB 1122?

(4:30) Mr. Cronquist: HB 1122 changes the eligibility for CTE (Career and Technical Education) and academic scholarships to make high school students in dual credit eligible.

Chairman Representative David Monson: We have not had discussions about that, but it would probably be better to have that in here. Did we include the high school students in needs-based funding?

Representative Mark Sanford: It would be weighted on a course to course basis and for 1 course, that would be ¼ of a full load.

(6:20) Mr. Cronquist: It is needs-based, so they do not always receive the full amount and it is adjustable per student in HB 1031.

Representative Mark Sanford: Could you roll it in and leave the money?

Chairman Representative David Monson: I am okay with rolling it in, but how much money is it capped at? When the money is gone it is gone.

(7:40) Mr. Cronquist: There is a fiscal note of $584,000 for that now and if it was expanded for needs-based as well, it may go up.

Chairman Representative David Monson: I never did get a question in on HB 1122, but I did not understand it. We had three different versions of the bill.

(9:10) Mr. Cronquist: As it was rerefered, it is the 0.04000 version.

Chairman Representative David Monson: Does that include CTE?

Mr. Cronquist: As it sits now it does, but it originally did not and was added by House Education.

(10:10) Chairman Representative David Monson: This will make more students eligible because more students in health and technology could join, right?

Mr. Cronquist: It allows for dual credits to qualify under the CTE scholarship.

Chairman Representative David Monson: If we roll this into HB 1003, we would want CTE dual credit to be more available.

(11:35) Representative Mark Sanford: A good example would be BSC (Bismarck State College) and BPS (Bismarck Public Schools) where they could do dual credits at a drop of the hat. BSC could get extra in the weighted formula and the students could get solid training courses.

Representative Mark Sanford: It is basically early entry and there are a lot of winners in that trade off.

(12:45) Chairman Representative David Monson: I am glad they put it in their bill.

Chairman Representative David Monson: Let's work on the premise that we are going to work it into here. How much money is in that needs based scholarship pool?

Vice Chairman Representative Jim Schmidt: The base is $21.9M.

Chairman Representative David Monson: We were going to add $2M and that brings it to about $23.9M then. If you include high school kids, there might be fewer college students who receive it.

(14:00) Mr. Cronquist: It would depend on how they split them up on amount of scholarships given out.

Chairman Representative David Monson: How will they know if the high school students have not filled out the FAFSA (Free Application for Federal Student Aid)?

Representative Mark Sanford: If they are a part of the free or reduced lunch.

(14:55) Tammy Dolan: Free and reduced meals is a good actor for this. Students are being paid for by Bank of North Dakota for the dual credit courses and spend $560,000 a biennium.

Ms. Dolan: The needs-based piece is already there. This fiscal note was originally drafted that there was no limitation of what the courses could be and the fiscal note was around $800,000. When it was limited to the STEM (Science, Technology, Engineering and Mathematics) courses, it was $584,000.

(16:15) Chairman Representative David Monson: The new version is back to allowing STEM and CTE.

Ms. Dolan: Whether the students qualify for the scholarships or this, but it depends on the type of dual credit course they are taking.

Chairman Representative David Monson: What is your grade level that you let dual credit occur?

(17:20) Ms. Dolan: I believe you at least have to be a sophomore.

Chairman Representative David Monson: And they would be getting college credit for these courses? They could almost be halfway to a nurse.

Ms. Dolan: That is one of the beauties of using this money. The limitation is the lifetime cap of $6,000, which is why the fiscal note is not very much. If they use the $6,000 for dual credit in high school, they would not have that available for higher education.

(18:45) Vice Chairman Representative Jim Schmidt: You mentioned Sophomores, do they already know what they are going to do?

Ms. Dolan: They do not need to do that, but many of these are science and applicable to almost any course work in college.

Vice Chairman Representative Jim Schmidt: Do you have numbers on that?

Ms. Dolan: They would not have to go into that course.

Vice Chairman Representative Jim Schmidt: What if they join the military or something where it would be pointless for them to use this?

(20:00) Ms. Dolan: That is why the fiscal note is important. For those students, maybe they take the dual credit courses and enter the military or they go out of state, it is those type of students who make up the need for the fiscal note.

Vice Chairman Representative Jim Schmidt: I would rather see more money given to juniors and seniors because they are less set in their mindsets.

Ms. Dolan: This can be written into this.

(21:20) Representative Mark Sanford: So these are on actual course costs with charges to the student and there is no discretion?

Ms. Dolan: It would go directly to the college for the course the student is enrolled in.

Chairman Representative David Monson: They have to have pretty high grades to qualify.

(22:45) Ms. Dolan: They have to meet the requirements. Also, 93% of the students enrolled pass these courses and if you fail, you cannot use the money to retake the course.

Chairman Representative David Monson: If they are paying for the course, they will work a little harder.

(23:50) Representative Mike Nathe: I would contend that sophomores are more in need of help than juniors or seniors.

Chairman Representative David Monson: We are talking about high school students.

Vice Chairman Representative Jim Schmidt: There was 900 kids who paid for dual credit on their own. How do we reward those kids who paid for it on their own? By giving money to more kids, which is against my philosophy.

Chairman Representative David Monson: What are you saying then?

Vice Chairman Representative Jim Schmidt: I would not roll the fiscal note into that. They are paying it for themselves and I have to admire that.

(26:00) Ms. Dolan: You are right, what they heard in the committee from superintendents that are not on free and reduced meals, but they cannot pay for these programs still. They are kind of in the middle and cannot afford that tuition upfront and those students cannot qualify for other grants for this.

Chairman Representative David Monson: Will you work with Ms. Dolan to make an amendment to roll these students into this bill.

Mr. Cronquist: Do you want me to put it on the list or draw it up? And do you want an appropriation with that?

Chairman Representative David Monson: The list. Vice Chairman Representative Jim Schmidt did not want one. For now, we would not have to add anything, but I would just work on the language and we can worry about the money amount after.

(28:45) Chairman Representative David Monson: Then we could kill HB 1031 and HB 1122, right?

Ms. Dolan: Correct.

(29:20) Mr. Cronquist: You mentioned rolling HB 1031 and HB 1122 into HB 1003, do you want to roll HB 1030 in as well?

Chairman Representative David Monson: I like being able to discuss it on a 1:1 basis and could still be a one-time. It is shaky if we can get it through this whole committee and there were not a lot of people excited to give Minot money.

(30:15) Chairman Representative David Monson: It is only $700,000 and it has been our 4% drop emergency hit. We have gone through some tough times in high school when allotments have fallen short.

Representative Bob Martinson: I love this committee.

Chairman Representative David Monson: We really should help Minot.

(31:35) Chairman Representative David Monson: Closes meeting on HB 1003.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Education and Environment Division
Roughrider Room, State Capitol

HB 1003
2/1/2019
31986

☐ Subcommittee
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Minutes: Attachment 1

Chairman Representative David Monson: Opens the meeting and attendance is taken.

Chairman Representative David Monson: Representative Mark Sanford passes out **attachment 1**.

(1:45) Representative Mark Sanford: Begins to outline **attachment 1** about the proposed 3 tier system for larger building projects in higher education.

(4:20) Chairman Representative David Monson: Representative Mark Sanford and I were talking about the parameters we can put on this plan and how fast we can get this plan out. It would be up to us to look at these plans for projects and hope that the Senate can understand this and buy into it.

Representative Mark Sanford: When this makes its way through out chamber, we could visit with counterparts in the Senate and give them the expectation of what this tiered plan is.

(6:00) Chairman Representative David Monson: We want to make sure that they use at least tier 1 to clean up a lot of deferred maintenance and small projects. We have to make it clear that this may not be here next session for sure and we could probably eliminate a lot of the bonding bills in the Senate.

Chairman Representative David Monson: My fear is that the schools will use this all for buildings and not for the deferred maintenance, so we may need to set some parameters. There are a few outliers that may still have to do some bonding.

(8:00) Chairman Representative David Monson: Just some thought for the weekend.

Representative Mark Sanford: The titles of each tier on **attachment 1** kind of outlines what the money should be used for. All you would have to do is define what the title actually means.

(9:00) Chairman Representative David Monson: So there is over $60M in tiers 2 and 3.

Representative Mark Sanford: I think we really want to give them latitude to be able to structure their campus their way. My expectation is that these suggest and can be defined in the bill and let them bring back plans while this is in the Senate.

(10:40) Representative Mark Sanford: Going forward to continue this, they would be expected to bring their plans in from the beginning and plan on this.

Chairman Representative David Monson: I would hope we could go with this another round.

Representative Mike Nathe: We will have to change the definition of the Challenge Grant in tier 3.

(11:35) Chairman Representative David Monson: Would we abandon what we have now?

Representative Mike Nathe: I say just leave the current language and just add the ability to use some on buildings. They could still use some for scholarships and some for tier 3.

(12:30) Mr. Cronquist: In the 2015 session, an exclusion was added to not allow building on campuses, so we could remove that exclusion and return it to the original bill.

Representative Mike Nathe: The original language said educational infrastructure and that was widely interpreted. There was pushback to take the building language out.

Vice Chairman Representative Jim Schmidt: A lot of that money was going to the infrastructure and the kids were an afterthought. My feelings are that the kids should be the main focus and my thoughts are that the kids will come after the building projects.

(14:10) Chairman Representative David Monson: Do you not like tier 3 or define it tighter?

Vice Chairman Representative Jim Schmidt: I would like to define it.

Representative Mark Sanford: I think that is a good point. When you get there, you could allocate a certain amount for scholarships and the rest for maintenance and buildings.

(15:40) Representative Bob Martinson: The problem with intent is that we have put money in there for buildings and maintenance and we need to define how much goes where. I am all for the kids too, but now we are talking about giving the kids decent buildings to use.

Representative Bob Martinson: So in my opinion, whatever it is would be fine for me, but help us out and put in the parameters to make it easier.

Representative Mike Schatz: I agree. The one thing that bothers me a little is the Dakota College at Bottineau is $2.5M for a new cafeteria entrance. I think some of these things are inflated a little.

(17:45) Chairman Representative David Monson: We did not quiz Bottineau enough and get enough information from them about it. There is no other state money in there, so everything is raised locally.

Chairman Representative David Monson: The odds that they raise $2.5M is probably not high. We have a lot of other projects on here that we do not know a lot about. The flyover was all of the big projects and this tier plan could get a lot of small things done that was not included in the Governor's recommendation.

(19:15) Chairman Representative David Monson: We just need to make sure that this money is used for the right things. I am a little bit leery sending it out loose.

Representative Mike Schatz: Dunbar Hall is $51M proposed. Isn't the purpose of the Chemistry lab to have an efficient function on the inside and just look like a building on the outside? The outside should be the least important thing.

Representative Mark Sanford: Everyone here is making good points. The district comes in and they do not tell us exactly what is going to be in these buildings and what they are made of. That is why we need to make them plan this out.

(21:25) Representative Mark Sanford: We should expect a game plan from them before this is all done. Before we start getting into what type of bricks, we need to get some guidelines set.

Representative Mark Sanford: When they have a list and limited resources, it is hard to plan. If they come in and say we have all of this money to spend and we are using it all on Dunbar, but what about tier 1? I think this gives us the chance to be much more thorough and make them accountable.

(23:10) Chairman Representative David Monson: Getting a report back would be the minimum. The report has to be mandatory and they have to tell us how they spent it. Getting back to Representative Mike Schatz's point about Bottineau, I do not know if this is a new building or a remodel.

Chairman Representative David Monson: We did not ask many questions and did not plan to fund it. Dunbar Hall is easier to decipher and chemistry equipment is expensive.

(24:30) Representative Mike Schatz: They may already have the equipment, but I know that want some new stuff as well. The tier 3 about being for the kids could reflect those two projects. We do not know hardly anything about these and maybe they are padding the numbers so bad that they could get by on tiers 1 and 2.

Vice Chairman Representative Jim Schmidt: I thought the money for Dunbar Hall was for the building and nothing else?

Chairman Representative David Monson: I think it is the whole project.

Representative Mike Schatz: They have to have all of the equipment now, right?

(26:05) Chairman Representative David Monson: You are going to need new fume hoods, new tables, new gas lines and sinks and it all has to meet new code. There will be newer technology, but things like scales and some other equipment can be saved.

Representative Mike Schatz: Without us being there, we do not know that. There are 20-year-old buildings being torn down.

Chairman Representative David Monson: Dunbar Hall is in bad shape.

(28:10) Representative Mark Sanford: There is a piece of equipment in there that is worth $3M that they got from a Federal grant. I go back to our historical model of just handing out money and telling them to do their thing with it. So there needs to be a plan.

Representative Mark Sanford: The idea is that we have them come in next time with a full and detailed plan.

Representative Mike Schatz: How can they let Dunbar Hall deteriorate for being such a cornerstone program?

(29:55) Chairman Representative David Monson: It is very crowded and old because it is small. They have tried to cram all of this new equipment in there and I know they have patched it up. Do they need something 3 times larger? I do not know, maybe, but they need something to fit their needs.

Representative Mike Schatz: We did tour NDSU's (North Dakota State University) STEM (Science, Technology, Engineering and Mathematics) center and it did not have a whole lot in there and seemed more like a study center. I am not sure how that building was used, but it did not look like it was used much.

(31:45) Vice Chairman Representative Jim Schmidt: If Dunbar Hall was a part of the football program, it would be in great shape. We have hands off, hands on and hands in. We are hands on and sometimes hands in.

Vice Chairman Representative Jim Schmidt: Hands in example was the dyke built in Valley City where they told us $400,000 was for a design, which is unnecessary.

(33:10) Representative Mark Sanford: I would just echo what Representative Mike Schatz said about the condition of the building and how it got to the state it is in now. There need to be more procedures to prevent this deterioration in the future.

Representative Mark Sanford: The other thing we have not talked about is the expectation of the detailing of these projects should be looked at by the board before it ever even got to us.

(34:50) Vice Chairman Representative Jim Schmidt: There should be some sort of statement with respect that when deferred maintenance is equal to 50% of the building value, that future maintenance funding would be used so we do not let this get out of control.

Vice Chairman Representative Jim Schmidt: We need to define something that they have to stop new projects and fix the other projects.

Chairman Representative David Monson: At 50% it would make more sense to build something new than to fix it.

(36:15) Representative Mark Sanford: The more I think about this, we could spend 5 years chasing our tail, but we should ask the board what type of standards we need and I think we could get a set of parameters made for us to work with.

Chairman Representative David Monson: We would put that in the bill?

Representative Mark Sanford: It is not really for us; it would be something they would have system wide to use as a template.

Representative Mike Schatz: The money is for us. We have to decide on the money, so we kind of need to know what they are talking about.

(37:50) Representative Bob Martinson: We have a board of higher education and they have to do their job. We should be able to give them a blank check and tell them to get it done. Now they want another board.

Representative Tracy Boe: I agree with everybody. What I envisioned with a long term plan is that we should not write the plan and follow it, they should do that. I just want to track the plan.

Representative Tracy Boe: As Representative Bob Martinson said, this should be a job for higher education.

(39:20) Vice Chairman Representative Jim Schmidt: We told the water commission that we will put it in policy and they will not like it. I think it is crunch time and the board is not doing their job and no one seems to be pushing them.

Chairman Representative David Monson: We put in a section that says they have to report on what they did, what they funded, what maintenance they cleaned up. This way we have reassurance that they can report back and help us decide if this was a good idea.

(40:45) Chairman Representative David Monson: **Attachment 1** still have Senate bonding bills. Where do they stop using this new plan and say we are going to go under SB 2297?

Chairman Representative David Monson: Even if they scale Dunbar Hall down to $42M, it will still suck up a lot of money. I see the purpose of this to clean up a lot of deferred maintenance and small projects.

Chairman Representative David Monson: This is a lot of money for a smaller school with less donors. So my problem is I do not want to have to give half of this money for 1 project.

(42:50) Representative Mark Sanford: If you take Dunbar Hall as an example at $50M, they would have $27M under this current proposal and if they took the consistent $8M they have for maintenance, they would still have $20M. In three sessions in equal and level funding more than pays for Dunbar Hall.

Representative Mark Sanford: I am using that as an example because down the road they come in with plans that are multiple years out and they can save a certain amount of this and use it down the road.

Representative Mark Sanford: The point being is that it would not have to be exhausted and used each session. That is where the planning comes in. The intent would be that this makes them plan longer term than just biennia to biennia.

(45:30) Representative Mark Sanford: If they have $10M, they can use that as the first installment down the road. I know that is hard to leave that money alone in a pool, but that is how it is done in school districts and business.

Representative Mark Sanford: We needed a $12M building fund and we kept saving and saving until we had this. We can get away from this instant deal idea and use it more as a long term plan.

(46:50) Chairman Representative David Monson: That makes sense, but you are assuming that they are going to use sense. They will problem pour the money into this because it is not guaranteed to be in there next time and they already have large plans down the road after this like Harris Hall.

(47:50) Representative Mark Sanford: We just need to get them to expect to plan and save. There have been no parameters set on any of the approved projects.

Representative Bob Martinson: We may need to have the schools come in and tell us exactly how they plan to save this money.

Chairman Representative David Monson: We do have a week, but we could maybe get information somehow on this. We are still putting flesh on the skeleton here.

(49:40) Mr. Cronquist: If you establish this building fund, any new building project would still have to be approved by the legislative assembly. If you do not want them to use this for a certain project, you can retain control and tell them how and what it is used for.

Representative Mark Sanford: Even though we do not have the bill in the second half, that does not mean we cannot still work on it. We can set some time frames and have a joint hearing to explain everything and talk about it.

(51:10) Chairman Representative David Monson: That is probably more realistic than having them all in next week.

Representative Mark Sanford: We have 369 bills to get done in the next 3 weeks, so committee time will be sparse.

Chairman Representative David Monson: Tammy Dolan, what do you think is realistic? What can you do? You have been hearing all of this.

(52:45) Mark Hagerott: I thank you for dealing with this because it has been a problem over time. I too am concerned when I see the Senate bill that things way down the list were catapulted to the top.

Mr. Hagerott: I am glad you are trying to find a more incentivized and set system for the funding of these. If you would want some people to show up here and get you information, I think we could get them here to help.

(54:20) Chairman Representative David Monson: A lot of our time next week will be spent in full committee. It would be valuable for them to come in, but we may not have the time. I think Representative Mark Sanford's idea with a joint hearing with Senate members might be a better idea.

Vice Chairman Representative Jim Schmidt: If we feel that the state board is not doing their job, maybe it is the board that we should have come in front of us. It is their job to be in charge of what the universities are doing. I think we have a couple members on the board that are responsible, but I think they should be questioned and not the presidents of the universities.

(56:30) Chairman Representative David Monson: So you think we should turn this over to the board and explain this and tell them to report back?

Vice Chairman Representative Jim Schmidt: Exactly, because we do not need multiple boards to do this. If we are going to bypass the higher education board and go straight to the university presidents, we can just get rid of them. The board should be on the hot seat.

(57:35) Tammy Dolan: We could come back next week, but having some time to think about this and outline it would probably be better. I know we could bring a detailed plan before the board, have it approved and bring it to you before any penny is spent.

Chairman Representative David Monson: I do not know that our schedule next week will be very conducive to having people come in from across the state. I am thinking the joint hearing idea with the Senate is better.

(59:10) Vice Chairman Representative Jim Schmidt: I truly believe that we need to question the board. Why did they let Dunbar Hall get out of control?

Representative Mark Sanford: I think Vice Chairman Representative Jim Schmidt is correct. There has been a lot of neglect on every level. The board would have to approve policies. I believe they have a finance committee, but that might be the group to see.

(1:00:50) Representative Mark Sanford: There is a committee that would review and bring the plan to the full board. What you might be talking about is detailing a level below the higher education project priority list.

Representative Mark Sanford: There is a history and the board has inherited what they have. To me, the question is what are you doing so this does not happen again?

(1:02:10) Chairman Representative David Monson: We have to tell Alex what we want so we can kick this bill out. We need to come up with something that we feel comfortable sending to the Senate. Are we going forward with the 3 tiers?

Representative Bob Martinson: Yes.

Representative Mike Nathe: Yes.

Chairman Representative David Monson: Using **attachment 1**, you can go forward with this?

(1:03:15) Mr. Cronquist: In tier 2, we have gone away with the $4 per credit hour and the institution matching $2. Now the plan is to use the 1% tuition raise. Is the Bank of North Dakota $10M from the profits or a loan?

Chairman Representative David Monson: It is profits.

(1:04:20) Mr. Cronquist: The idea here is to create separate funds at each institution. Would it be a pool with these amounts eligible to each institution if they can match it or they have to match it matter what.

Chairman Representative David Monson: We cannot force them to match it if they cannot come up with that. If they can only raise half, then we only put in our half.

(1:05:20) Mr. Cronquist: Let's say an institution does not have matching funds, what would happen there?

Chairman Representative David Monson: Once they have collected tuition, it is hard to give it back. If it did not get spent, it still sits in their account. Is that how we envision this?

(1:06:25) Representative Mark Sanford: I want it to be a guaranteed match of 1:1 if they raise tuition.

Chairman Representative David Monson: If they raise the tuition at the beginning of a semester and still come up short, what happens?

Representative Mark Sanford: I guess what I am saying is that you do not raise the tuition until you have the match.

Chairman Representative David Monson: They could do it by raising part of their tuition to match?

(1:07:45) Representative Mark Sanford: Almost all of these should have the ability to match before tuition is raised. Do you want to require all institutions to raise tuition or do you want to give them flexibility?

(1:09:10) Chairman Representative David Monson: In tier 2 of **attachment 1**, they could raise their match by raising their tuition or they could go out and find pledges and donors or in their operating costs. You said make a plan, what if they do not meet their plan?

Chairman Representative David Monson: If they plan to raise money from donors and other things and that is their plan, but if they do not meet their plan, does it sit in their account?

Representative Mark Sanford: It comes back to the role of the board and they should not approve these if it cannot be done.

Chairman Representative David Monson: So we trust the plan to make sure these can be done.

(1:10:50) Representative Mark Sanford: Yes.

Mr. Cronquist: One option the past few sessions have had limits placed on tuition increases. Tuition hikes are limited to 4%, if you wanted to continue limiting tuition increases, however if there are additional funds, it can be raised an extra 1% to be placed in the building fund. Does that make sense?

(1:11:50) Chairman Representative David Monson: Put it in that way.

Mr. Cronquist: The $10M from Bank of North Dakota profits; would you want it to be placed in a pool and have the board pass that out after the institution brings the plans and has the proof they can match.

Chairman Representative David Monson: We can also leave it in Bank of North Dakota as well and have Bank of North Dakota cut the check as needed.

(1:13:15) Representative Mark Sanford: We only showed Bank of North Dakota the model and they agreed to provide some.

Chairman Representative David Monson: It is probably cleaner to move it into an account with the board of higher education so no one else can come along and spend it.

(1:14:15) Mr. Cronquist: I believe I have enough to work with. Do you just want me to put this on the list or what?

Chairman Representative David Monson: You may have to craft a list and language for this. The money part can be put in I guess, but it is however you want to do it.

(1:15:00) Chairman Representative David Monson: Alex thinks he can write something up for us and I think we can sell it to the floor and committee.

Representative Bob Martinson: This will be easy to sell on the floor.

Chairman Representative David Monson: Representative Mike Schatz, do you want to carry this one?

(1:15:50) Chairman Representative David Monson: Calls a recess on HB 1003.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Education and Environment Division
Roughrider Room, State Capitol

HB 1003
2/1/2019
32001

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature Parker Oswald

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota university system; to amend and reenact section 54-44.1-11 of the North Dakota Century Code, relating to the cancellation of unexpended appropriations; and to provide for a transfer.

Minutes: Attachment 1

Chairman Representative David Monson: Opens the meeting on HB 1003.

(00:50) Mr. Cronquist: The intention would be to limit tuition increases to 4% and at least 1% must be used for the tier plan and it also must be matched before they can spend it.

Chairman Representative David Monson: Do we need to put a cap on it?

Representative Bob Martinson: What did you decide?

Chairman Representative David Monson: If they raise tuition 4%, they have to use 1% of that (1/4) for the match.

(2:30) Representative Bob Martinson: We will be blamed for however much is increased.

Chairman Representative David Monson: Capital projects and maintenance is a responsibility of the universities and if they raise tuition, it is only fair that we say part of that has to go towards maintenance and upkeep.

(3:30) Chairman Representative David Monson: That is kind of the discussion we had.

(3:40) Representative Mark Sanford: Once you do that, it is embedded and ongoing. If the tuition to an individual student was $1,000 and they raise it 4%, it is a small amount and it provides a base.

Representative Mark Sanford: This is not a big amount that will go in there.

(5:00) Chairman Representative David Monson: Alex, draft it up with a cap and we will bounce it around. Keep it at no higher than 4%.

Representative Mike Nathe: If they go to 4%, they will have to justify that to the public.

Chairman Representative David Monson: At least 1% has to be dedicated to these projects then.

(6:10) Representative Mike Nathe: It gives them flexibility.

Representative Bob Martinson: You do not mean 1% of what they raise?

Chairman Representative David Monson: You are right, it is not 1% of what they raise, but if they raise it 4%, we want ¼ of the amount they raise, not just 1% of that.

(7:20) Chairman Representative David Monson: Alex, walk us through **attachment 1**.

Mr. Cronquist: Begins to outline the proposed changes on **attachment 1**.

(8:40) Chairman Representative David Monson: What do we want to do on **item 5 of attachment 1** dealing with the hold harmless of HB 1030? I like the ability to have a backup plan and it is not a great deal of money.

Chairman Representative David Monson: The thing I dread about making it a part of this bill is that we could have a larger school like UND (University of North Dakota) or NDSU (North Dakota State University) having to use this, it could be millions of dollars. That is why I do not want to put it in permanently.

(10:50) Representative Tracy Boe: Have we done a hold harmless for any university for multiple years in a row?

Chairman Representative David Monson: Yes, Dickinson State University (DSU), but they also withstood cuts too. They would have been in trouble without the hold harmless.

Representative Bob Martinson: I kind of favor amending it into the higher education bill to keep it as one package. It is easier to explain on the floor.

(12:00) Chairman Representative David Monson: They will not kill HB 1003 on the floor, but this is within reason and you do not have to explain it on the floor, it will never even raise an eyebrow.

Representative Bob Martinson: If we put it in HB 1003 and talk about HB 1030 right after with a Do Not Pass.

Chairman Representative David Monson: Can we put it in as one-time funding then?

Mr. Cronquist: Yes, we can copy the language over.

(13:15) Representative Mike Schatz: What is the most we have spent? Can we put a cap on the amount spent as well?

Chairman Representative David Monson: Do you have a history of that?

(14:10) Mr. Cronquist: In the 2017 session, DSU was $2.3M.

Chairman Representative David Monson: This $710,000 is a drop in the bucket compared to that. I am assuming that 2015 was similar.

(15:00) Representative Mark Sanford: I would like to remind the committee members that we do not use current data. The data we are using here is the 2015-2017 data in terms of credits awarded.

Representative Mark Sanford: The first time they were eligible, they lost almost half of their students. The second time they were on it, they had a little extra time to rebound. They are not on it now and things have leveled out. It is a case history of what can happen when the bottom falls out.

(16:25) Chairman Representative David Monson: I do not know that we even want to bring up the idea of a cap on it.

Representative Mark Sanford: It has been alluded to that if you get a big amount and are not committed to it, it will not be in the base. By not having it be part of the ongoing process, it can be whatever we appropriate it.

(17:35) Mr. Cronquist: We will just copy over the same language.

Chairman Representative David Monson: We will just tell them to put it in and kill HB 1030 on the floor.

(18:10) Mr. Cronquist: Returns to attachment 1 starting on line **item 6**. Notes that everything in grey has been solidified.

Chairman Representative David Monson: What is the removal of $1.5M special funds?

(19:40) Mr. Cronquist: That is the removal of the student loan trust fund. Does the committee want to move forward with reducing Tribal grants by $100,000 total?

Chairman Representative David Monson: Yes.

(20:25) Mr. Cronquist: Continues to outline **attachment 1 on item 8**. Representative Mark Sanford had it as $9M.

Representative Mark Sanford: That would be $4M general and $5M special.

Mr. Cronquist: What would be the source?

Representative Mark Sanford: Representative Delzer said to get it from Bank of North Dakota.

(21:45) Representative Bob Martinson: We are not talking about an additional amount; it is for tier 3. We are not double spending it are we?

Mr. Cronquist: Item 8 on attachment 1 is tier 3, but we can leave it open so it can be spent for scholarships or buildings.

Representative Mark Sanford: Do we have to set the special funds yet?

Chairman Representative David Monson: Put it down as Legacy fund interest for now. Put it as $4M for general and $5M of Legacy fund. We want to give the universities flexibility, but we wanted to require them to spend some Challenge grant money on students.

(23:50) Representative Mike Nathe: I am confused on the Challenge grant money; $4M here and $5M special fund. I was trying to figure out where the $10M was going.

Representative Mark Sanford: The Bank of North Dakota's hand is in tier 2.

Chairman Representative David Monson: We have $9M in the Challenge grant and Vice Chairman Representative Jim Schmidt had expressed that he wanted it to be student centered. We had talked about going back to the original intent of the Challenge grant of where they could use it for scholarships or buildings. Do we specify that they have to use a set amount for students of trust them?

(25:40) Vice Chairman Representative Jim Schmidt: I would be willing to go to a percentage.

Representative Mike Nathe: Why not make the board decide what that is?

Representative Bob Martinson: Please do not do that. We have enough difficulty in there at times. If we want a percentage, let's make that now.

(26:45) Representative Mark Sanford: This number is hopefully just a placeholder for now. If there is additional money, you could start with a portion of this and use the same.

Representative Mark Sanford: For example, if you do 50-50 split, you would have to get an additional $9M to hold what is in tier 3 now.

(27:55) Chairman Representative David Monson: I was thinking we had $2M in Challenge grants last time for the students and we say $2M has to be used for scholarships. I know Vice Chairman Representative Jim Schmidt would like a bigger number, but our leadership has bought into the tiered plan.

Representative Mike Nathe: It would not hurt to stick with what we have. We can hash out those numbers in conference. Whatever numbers we put here will change on the other side.

Chairman Representative David Monson: We could hash out what percentage.

Representative Mike Nathe: It is more important to get the vehicle structure in place.

(29:45) Chairman Representative David Monson: If we say $9M for the Challenge grant and do not designate, will that make a problem on the interim committee?

Representative Bob Martinson: I am okay with however we do it because we are just warming up for now.

Chairman Representative David Monson: They can use it for either, but I have a feeling the smaller colleges won't be able to raise the money for tier 3, but they can probably raise scholarship money.

(31:05) Chairman Representative David Monson: By using the original language, we can set it up.

Representative Mike Nathe: The schools raised even more than we expected. I would not sell them short. Some of them raised the most money in school history.

(31:45) Chairman Representative David Monson: We need something written in here. We have the blessing of our leadership to put it out.

Vice Chairman Representative Jim Schmidt: I am not opposed to voting no.

Chairman Representative David Monson: Let's just go back to the original intent.

(32:45) Representative Bob Martinson: Do not go back to the original, just be specific on the building part and maintenance. The very original had a lot of extra things.

Vice Chairman Representative Jim Schmidt: They could buy jerseys.

Representative Mike Nathe: They had educational infrastructure, which was interpreted loosely.

(34:05) Mr. Cronquist: There is a definition of what is allowed and it excludes scholarships for the benefit of athletics, campus repair projects and new capital construction projects. So we will just make it overstrike campus repair and new construction.

Representative Mike Nathe: Yes.

(34:45) Chairman Representative David Monson: That is how we will see it in our draft. What do we want to do with **item 9 of attachment 1**?

Vice Chairman Representative Jim Schmidt: I am referring to the discussion we had about the sale of the building in Dickinson to cover the difference and leave it at $250,000.

Vice Chairman Representative Jim Schmidt: We could eliminate the $250,000 and make the sale of the building fund it.

(36:00) Chairman Representative David Monson: We could limit what could be used from the sale of the building.

Representative Tracy Boe: You could cut the digitization to $125,000 and let them come up with it on their own.

Representative Mike Schatz: That building is junk. It is not worth the $700,000. I am going to throw out the number $500,000 for the digitization.

(37:15) Vice Chairman Representative Jim Schmidt: I say we leave it at $250,000 because the Senate is going to put it back in.

Chairman Representative David Monson: Let's just not even mention the sale of the building.

Representative Tracy Boe: They had a number on the building for the fiscal note. The exemption in that bill exempts them from all the requirements we have for appraisals and bidding processes in the Century Code so that they can sell it to any particular buyer they have lined up. They know how much they will get out of it.

Chairman Representative David Monson: Is that a separate bill?

Representative Tracy Boe: Yes.

(38:25) Chairman Representative David Monson: Then we do not even have to worry about it. **Item 9** is done. **Item 10 on attachment 1** is $230,000 for MHEC (Midwestern Higher Education Compact).

Representative Bob Martinson: Do it, let's move on.

(39:40) Chairman Representative David Monson: We have decided on items 11-14 already. There is just no money.

Mr. Cronquist: **Item 11 on attachment 1** is a Federal program and is no longer in place. **Item 12** is a transfer to DPI (Department of Public Instruction). **Item 13** was a pilot program that was not doing what it was supposed to be used for and **Item 14** is a capital bonding payment and there are less bonds out, so payments are not as high.

(40:45) Chairman Representative David Monson: **Item 15 on attachment 1** is another big discussion. This is HB 1031 and we were talking about killing the bill and moving it into HB 1003.

Mr. Cronquist: The division wanted to pass this and the full committee may decide to kill it and put it in this.

Chairman Representative David Monson: All of that language can be moved into this bill and HB 1031 can be killed.

(42:05) Chairman Representative David Monson: **Items 16a and 16b of attachment 1** have been changed around.

Mr. Cronquist: **Item 16a** is the tier 2 funding and it sounds like that is the way this committee wants to go. I have the wording written down. The numbers would change to $0 from general fund the would go to $37M in special funds.

Chairman Representative David Monson: I like $0 in general funds.

(43:15) Mr. Cronquist: **Item 16b** included $1M for Lake Region's agriculture building, but that will be through this now and BSC's $15M for a new science building.

Chairman Representative David Monson: That won't be in here.

Mr. Cronquist: The last one was about $17M for Dunbar Hall and that would be paid for through the tier plan now.

(44:30) Chairman Representative David Monson: If not, it will be trough a Senate bonding bill.

Mr. Cronquist: Any new building that will be funded will still need authorization. Do you want to authorize Dunbar Hall and Lake Region's building?

Chairman Representative David Monson: Senate can authorize that too.

(45:30) Mr. Cronquist: You will see $237M in the special funds of **item 16b** and I will include those in the amendment.

Chairman Representative David Monson: Begins to outline other proposed changes on **attachment 1**. Ms. Dolan told me that she talked to Josh Wynne.

Representative Mike Nathe: I think the stem cell research should be debated in a policy committee.

(47:15) Chairman Representative David Monson: Cut **items 1, 2 and 3** from other proposed changes on **attachment 1**. Mentions that **items 4-7** are already agreed upon.

Chairman Representative David Monson: **Item 8** repeals the dual credit pilot program, which is agreed upon.

(48:45) Mr. Cronquist: For **item 9 on attachment 1** in other proposed changes brings HB 1030 and HB 1031 language and appropriations into HB 1003, but what about HB 1122?

Chairman Representative David Monson: I have not talked to Representative Delzer about this.

Vice Chairman Representative Jim Schmidt: I would like to know what the rest of the committee thinks about it.

(50:30) Chairman Representative David Monson: Leave **item 9** how it is for now and we can talk with Representative Delzer on that. We will probably have to talk about Job Service and CTE (Career and Technical Education) next week and take the final look at HB 1003.

Representative Mike Nathe: So we knock these out next week?

Chairman Representative David Monson: I think we can knock almost all of these out.

Vice Chairman Representative Jim Schmidt: Chairman Delzer told me we will be here on a Saturday.

(51:55) Chairman Representative David Monson: I do not see that we have a lot left.

(52:10) Chairman Representative David Monson: Closes the meeting on HB 1003.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Education and Environment Division
Roughrider Room, State Capitol

HB 1003
2/4/2019
32049

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature Parker Oswald

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota university system; to amend and reenact section 54-44.1-11 of the North Dakota Century Code, relating to the cancellation of unexpended appropriations; and to provide for a transfer.

Minutes: Attachments 1-4

Chairman Representative David Monson: Opens meeting and clerk takes attendance.

Representative Tracy Boe: Introduces Robin from the student council of Belcourt.

(1:30) Chairman Representative David Monson: We usually talk about money, but we are pretty much done with the higher education budget. Alex passed out **attachments 1, 2, 3 and 4**.

Mr. Cronquist: I realized there is an error in **line 17 of attachment 1**, it should be $15M instead if $16M and the total would also decrease by $1M as well.

(2:30) Chairman Representative David Monson: On **attachment 2**, would these relate to **line 16 of attachment 1**?

Mr. Cronquist: There is a section on Representative Mark Sanford's and a section with the provisions based on raising the tuition and using some of that for the building fund.

(3:30) Mr. Cronquist: Begins to outline the sections of **attachment 2**.

Chairman Representative David Monson: Where was this cap of $700,000?

Mr. Cronquist: Last sentence of **section 20 on attachment 2**.

(5:15) Chairman Representative David Monson: It does not require them to use that, but it is the maximum they can do without approval?

Mr. Cronquist: This is just approval from the legislature.

Chairman Representative David Monson: I am not sure we need them coming to the budget section.

(6:20) Chairman Representative David Monson: What is NDSU's (North Dakota State University) share here for Dunbar Hall? We gave them permission, but they do not have enough money.

Mr. Cronquist: Not in just this biennium. It would require another biennium to accumulate.

Chairman Representative David Monson: By putting NDSU and Lake Region in **attachment 2**, this gives them the overall breakdown?

(7:40) Mr. Cronquist: That would be up in **section 19 of attachment 2**.

Vice Chairman Representative Jim Schmidt: What is the definition of projects for deferred maintenance? I am trying to find loopholes.

Mr. Cronquist: That was an issue and it could be an issue in the future. Campuses were splitting projects in order to change the reporting requirements.

(9:20) Vice Chairman Representative Jim Schmidt: Is the $700,000 the total amount of money or the total money from the capital building fund?

Mr. Cronquist: It is the maximum amount you can use on one project.

Vice Chairman Representative Jim Schmidt: What defines a project?

(10:10) Representative Mike Nathe: Maybe we could have a request form so we know exactly what they are doing?

Vice Chairman Representative Jim Schmidt: Yes, exactly. There could be 20 projects in one building.

Representative Mike Nathe: Almost an approval process before they get the money?

(11:10) Chairman Representative David Monson: We talked about making them get approval from higher education.

Mr. Cronquist: We can certainly add in that they need permission before they can use the funds. Would you prefer they go to higher management and then to higher education, or what?

Chairman Representative David Monson: I would prefer them to have to come back to the committee.

(12:25) Representative Tracy Boe: Were we requiring a 10-year work plan? If they fill this out and as long as they have the money and check things off of the work plan, I do not care how many small projects may be in one building.

Chairman Representative David Monson: What about a 5 and 10-year plan.

Representative Tracy Boe: In rural electric we have a 4 and 20-year plan.

(14:00) Vice Chairman Representative Jim Schmidt: Maybe we need to tie it together that way. If the 10-year plan is approved by the board of higher education, I think it could work.

Chairman Representative David Monson: If we did a 5-year plan that recycled every 4 years so they could renew it with the session schedule.

Representative Tracy Boe: To make it work, I think you need a long and short term plan.

Representative Mike Nathe: I would rather know what they are going to use it before and not after.

(15:20) Vice Chairman Representative Jim Schmidt: Identify the deferred maintenance over the time limit set.

Representative Mike Schatz: What if there is an emergency?

Chairman Representative David Monson: I would say that would be

Vice Chairman Representative Jim Schmidt: I would say it would be an older boiler, not a new one.

(16:15) Chairman Representative David Monson: You would be surprised. We had a new boiler system break because the vents froze.

(17:25) Vice Chairman Representative Jim Schmidt: We cannot legislate stupidity.

Representative Tracy Boe: In Representative Mike Schatz's example of a boiler breaking, that is part of modifying the plan. If something like that blows up, you modify the plan and push back a few of the other projects.

Representative Tracy Boe: We have to decide who monitors the plan.

Chairman Representative David Monson: I do not think we can monitor, so we will have to trust the board of higher education.

(18:55) Representative Mike Nathe: Having the board give a thumbs up or down would be a good idea. Obviously if a boiler goes down in the winter, there has to be some flexibility.

Representative Mike Schatz: The term emergency keeps popping up.

Vice Chairman Representative Jim Schmidt: Do we want to add something after projects that refers to a plan?

(20:10) Representative Tracy Boe: We have to have a plan before we refer to the plan. What does higher education feel is necessary? I would think a 20-year is not ideal because things move quick.

Chairman Representative David Monson: I would say a 10 or 5-year plan is reasonable.

(21:20) Representative Mike Schatz: **Attachment 2** is something we have talked about. Section 20 only outlines Dunbar Hall and Lake Region's agriculture building, so it is mainly the big ones.

Chairman Representative David Monson: Valley City has a big project, but it may not work out this time. This is approval to go raise the money for these and spend it.

Representative Mike Schatz: Minot State University had problems with generators and could go raise the money for that. If you were ever out of power, there would be a need for lighting and heat in the dome.

(23:20) Mr. Cronquist: We could identify the boiler projects as well.

Chairman Representative David Monson: How big were they?

Mr. Cronquist: The two boilers combined were about $1.8M.

(24:00) Chairman Representative David Monson: If they make use of their maximum, they would have $6.24M, right? They could do it just with tier 1. We want to be careful that we do not give them too much flexibility.

Representative Mike Schatz: Is tier 3 in here as a building project? Vice Chairman Representative Jim Schmidt and I were not too excited about that.

(25:10) Chairman Representative David Monson: I would like to give them some flexibility on that. They could use $2M for scholarships or all $9M for building, but I am with you on giving some to the students. President Doug Darling is here, have you seen the tier plan?

(26:10) Mr. Darling: I have not.

Chairman Representative David Monson: If you can make use of the money, you could raise over $2.6M.

Vice Chairman Representative Jim Schmidt: You will have to explain it.

(27:15) Chairman Representative David Monson: Calls a short recess.

(27:20) Chairman Representative David Monson: Re-opens meeting.

Mr. Cronquist: Begins to explain **attachment 3** to the committee.

Chairman Representative David Monson: I would prefer "solely" be removed.

(28:55) Representative Mike Nathe: I would like to think about this a little bit longer.

Vice Chairman Representative Jim Schmidt: If we make this too open, they will be putting money into non-essential things.

Chairman Representative David Monson: I do not know that computer systems qualify for capital projects. Once you have the building built, but I do not know if desks would count.

Representative Mike Nathe: That would be educational infrastructure?

(30:30) Chairman Representative David Monson: Well, maybe. Let's wait until Representative Bob Martinson and Representative Mark Sanford return. I would like to see the tier 3 remain partially for student scholarships.

Representative Bob Martinson: What did I miss?

Chairman Representative David Monson: We explained a few of the things to Mr. Darling. What do you think about **attachment 3** and the word "solely" on **line 15** and it would give them a lot of room for leeway there?

(33:00) Representative Bob Martinson: What you are saying then is absolutely nothing spent on athletics?

Vice Chairman Representative Jim Schmidt: Yes. There were some in the early days that technology was computer equipment. As long as the word technology is in there it will be sought heavily and I don't think the Challenge grant should be used for that.

Chairman Representative David Monson: They could probably use tier 1 and 2 monies for that, but not tier 3. I am finding loopholes now. Technology could mean a lot of things now.

(35:00) Chairman Representative David Monson: I do not know that we can go with the other list. I think we can take out the word "solely" and that will tighten it up a little bit.

Representative Tracy Boe: I am still deciding on the endowed chair. Yeah, let's take it out.

Chairman Representative David Monson: They get enough donation money to build a great athletic complex.

(35:55) Representative Bob Martinson: Are we making it clear that you can use the grants for capital projects?

Chairman Representative David Monson: The new language says "and capital projects". Wait, it excludes scholarships for the benefit of athletics.

Representative Bob Martinson: If we are going to do capital projects, there will be no doubt and we will have to argue about our intent.

Chairman Representative David Monson: Where could you make it clear?

(37:00) Mr. Cronquist: **Line 13 of attachment 3** could have the words "educational facilities" added.

Representative Mike Nathe: I like educational facilities, but what about a maintenance shed?

Mr. Cronquist: I do not believe the shed would then be covered.

(37:50) Chairman Representative David Monson: You know the intent there then. Not sheds or academics. What if Mr. Darling wanted to make some storage?

Representative Tracy Boe: We could spend hours trying to fill every loophole. There was a school built with the rules that they cannot have a gymnasium, but they built it with a large cafeteria and could use it as a gym.

(39:10) Chairman Representative David Monson: Alex, tighten it up a little bit. On **attachment 1 line 17**, the total should be $15M and not $16M. **Attachment 2** says they can raise tuition a maximum of 3%, but if they go above they have to use that to find money for the building tiers.

Mr. Cronquist: It really is just for tier 2.

(40:55) Chairman Representative David Monson: Anything else you can think of on higher education? I know we have a few questions regarding Dunbar Hall. It is big enough that we may not have to list it.

Representative Bob Martinson: I asked NDSU to send some photos of Dunbar Hall, should I email them out?

(42:05) Chairman Representative David Monson: Calls a recess in HB 1003.

(42:10) Chairman Representative David Monson: Opens meeting. Why are only Dunbar and Lake Region projects included on **attachment 2**?

Mr. Cronquist: It is the buildings fully approved and using the capital building fund. Begins to outline **attachment 4** of the proposed capital projects.

Chairman Representative David Monson: Valley City is in a bonding bill and so is Dunbar.

(44:25) Mr. Cronquist: The reason Dunbar was on the list and in the bill is because there was a thought they could repay the bond from their building fund.

(45:00) Representative Mark Sanford: You have to make an assumption that the bonding bill will pass, so this could be the backup. The Governor suggested that it be a half and half of bonds and donations and what they could utilize would almost get them there for the other half.

Representative Mark Sanford: Some alternative to the bonding bill and this facility really does need to get completed. On **section 20 of attachment 2**, Dunbar is talked about there and essentially Dunbar could be done using the new tiered model or the bonding suggestion.

Chairman Representative David Monson: I guess we could leave it in here then.

(47:20) Representative Mark Sanford: I guess **item 5 on attachment 4** (Dunbar Hall) could have a few different solutions to it.

Chairman Representative David Monson: If the bonding bill passes they will be able to cover the other half, but it has to be in their plan. Representative Tracy Boe enlightened me on them having a 5-year plan.

Representative Tracy Boe: We were trying to reinvent the wheel because they already have a work plan in place for 5 years. Some would be easy and others would be thick depending on the size of the campus.

(49:30) Chairman Representative David Monson: I guess we can leave **section 20 of attachment 2**.

Mr. Cronquist: **Section 20 of attachment 2** states that "each institution in those subdivisions can use the money for deferred maintenance". If you would like, I could say "subject to approval by the state board of higher education for deferred maintenance"?

Mr. Cronquist: We can add on that reporting requirement on how they used those funds and the source of the matching funds.

(50:25) Chairman Representative David Monson: Yep, I like that.

Mr. Cronquist: We can also have them report on their 5-year plan for future biennia as well.

Chairman Representative David Monson: Anything else on HB 1003?

(51:00) Vice Chairman Representative Jim Schmidt: Where do we sit with the money on HB 1003 compared to last time and the Governor's recommendation?

Mr. Cronquist: **Attachment 1** shows that you would be up $52.7M in general funds from last biennium. It includes $5M from the Legacy fund earnings and one-time funding's of $9M for the Challenge grant and the $15M for the BSC (Bismarck State College) building.

Vice Chairman Representative Jim Schmidt: How does that compare to the Governor's recommendation?

Representative Mike Nathe: Is that about a 10% increase or how much?

(53:00) Mr. Cronquist: It is about an 8.5% increase from last year and the Governor's recommendation; you are about $4M over the Governor's recommendation.

Chairman Representative David Monson: What about special funds?

(54:05) Mr. Cronquist: You are less than the Governor in special funds, but that is different than general. You are saving $5M in SIIF (Strategic Investment and Improvement Fund) that the Governor proposed.

Vice Chairman Representative Jim Schmidt: Are we comfortable spending $4M above the Governor's budget?

Chairman Representative David Monson: No, not really. The $5M in SIIF makes us closer to his, but an 8.5% increase is due to the capital projects.

(55:45) Representative Bob Martinson: It is really hard to compared to the Governor's because he wanted a 5% cut to all campuses as a start. What is the total of that cut?

(56:30) Mr. Cronquist: Would have been around $25.3M.

Representative Bob Martinson: We put that right back in off the bat.

Vice Chairman Representative Jim Schmidt: I think these are points that need to be made at the beginning of the presentation to our colleagues.

(57:20) Representative Mark Sanford: In addition to the point about what the Governor did and we did not do, when you look at **items 4, 6 and 7 from attachment 1**, a few of them were ongoing, but a few of them were brought into here instead of floating.

Representative Mark Sanford: When you look at **item 5 of attachment 1** is another bill that gets rolled into here. The ones that seem to impact this beyond routine would be **items 8, 15 and 17 of attachment 1**. There is a fairly decent explanation or each one of them and we are not rushing to see how much we can spend.

(59:35) Chairman Representative David Monson: What is HB 1122; is that a bill we will be killing?

Mr. Cronquist: That is still a proposed item and the committee was unsure if it would be folded into HB 1003 and HB 1122 states whether high school students can be folded into dual credit grant money.

(1:01:00) Chairman Representative David Monson: We still have a question on HB 1122 and better find out what the committee wants to do.

(1:02:15) Chairman Representative David Monson: Closes meeting on HB 1003.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Education and Environment Division
Roughrider Room, State Capitol

HB 1003
2/5/2019
32156

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature Parker Oswald

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota university system; to amend and reenact section 54-44.1-11 of the North Dakota Century Code, relating to the cancellation of unexpended appropriations; and to provide for a transfer.

Minutes: Attachment 1

Chairman Representative David Monson: Opens meeting and the clerk takes attendance.

Chairman Representative David Monson: I went up to Legislative Counsel the other day after talking to Representative Delzer after talking about the movement of IT (Information Technology) and the IT unification idea for HB 1016, but they are not going to be doing the first half of that.

Chairman Representative David Monson: The amendments will be drafted and then we can put it out right away.

(1:45) Chairman Representative David Monson: There will not be any committee meetings this afternoon because we have a meeting. If we could get the HB 1016 amendments today, we could kick it out and bring it up in full committee.

(2:50) Chairman Representative David Monson: We have a little bit of work on HB 1003 and HB 1020, but HB 1018 is being finalized and we can probably kick that out today too.

Mr. Cronquist: HB 1018 will be at least this afternoon and HB 1016 may be ready this morning.

(4:15) Chairman Representative David Monson: Mr. Cronquist handed out **attachment 1**.

Mr. Cronquist: On **attachment 1, item 15** was crossed out and **item 17** was changed to something separate.

Chairman Representative David Monson: Our leaders do not like the words “Challenge” being used for building. We can call it tier 3 building fund.

(5:30) Representative Mark Sanford: My question is on **item 16 of attachment 1** and the $37M, does that come from the institution and was that funding provided in a different item and being used now?

Mr. Cronquist: That $37M is $10M from Bank of North Dakota, $8.65M tuition and $18.65M matching. The reason we showed it as being appropriated was because we wanted to show that going into the capital building fund, but we can leave it out.

(6:50) Chairman Representative David Monson: Wouldn't the $10M from Bank of North Dakota be under general funds?

Mr. Cronquist: It is being transferred from Bank of North Dakota, so it would never go through the general fund.

Representative Mark Sanford: The institution's share of $18M was appropriated in the formula.

(8:00) Mr. Cronquist: My understanding was that the match funds can come from anywhere.

Representative Mark Sanford: Okay. In **item 17 on attachment 1**, that can now be Bank of North Dakota instead of Legacy funds.

Mr. Cronquist: Would it be $4M general fund and $5M Bank of North Dakota?

Representative Mark Sanford: Correct.

(9:00) Chairman Representative David Monson: What do we want to do with the Challenge grants? Are we going to push our limits and put something in there?

Representative Bob Martinson: If they are not Challenge grants then we do not have to change the language.

Chairman Representative David Monson: The Challenge grant program is not tier 3 now and we are keeping it straight up.

(10:15) Representative Bob Martinson: We gave $2M and equally divide it or go $4M and divide it equally.

Chairman Representative David Monson: Let's do $2M.

Mr. Cronquist: Dickinson State University was not eligible last biennium because they were getting a lot of one-time funding.

(11:10) Representative Bob Martinson: We could not give them foundation money because they were still in court. We held money back and set it aside during their lawsuit. I would be for including them and making it $2.2M and everyone would still be equal.

Chairman Representative David Monson: Then they would all be eligible.

(12:25) Representative Mark Sanford: I would take out the similar match requirement language.

Chairman Representative David Monson: Which line?

(12:50) Representative Mark Sanford: **Item 2 from attachment 1** in the other proposed changes. I would end it with a 2:1 donor to institution match.

Mr. Cronquist: That language is just on here for your clarification and it will be fully written in the bill.

Chairman Representative David Monson: Okay, then it is good. We have not really talked about **item 18 of attachment 1**.

(14:40) Mr. Cronquist: The projects on **page 2 of attachment 1** will be listed in SPA (Statement of Purpose Amendment).

Chairman Representative David Monson: I do not remember how you do those.

Mr. Cronquist: It is a sheet that has all of the numbers and changes that are made. It will be included in the amendment.

(15:30) Chairman Representative David Monson: I am just wondering how much explanation we will have to have. **Item 3 on page 1 of attachment 1** in other proposed changes, does that show up in the bill?

Mr. Cronquist: That will be in the bill and we will have to amend the Century Code in order to include Dickinson State University (DSU). There will also be a line item for the Challenge grant program.

Chairman Representative David Monson: And that will be the $2.2M.

(17:10) Chairman Representative David Monson: **Item 17 of attachment 1** is done and will not be $4M from general funds and $5M from Bank of North Dakota instead of Legacy.

(18:00) Chairman Representative David Monson: **Item 1 of attachment 1** for other proposed changes means we can let HB 1122 join this bill or let it go on its own. The less cramming we have to do, the better unless you want it in here.

Chairman Representative David Monson: If we include it in here then we would just kill it in committee.

Representative Mark Sanford: Is the intent there to leave the appropriation at its level?

Chairman Representative David Monson: I am not sure what the intention is.

(19:50) Representative Mark Sanford: It is $1,500 per year for a career total of $6,000.

Mr. Cronquist: There is no appropriation in HB 1122, but the base budget for scholarship and CTE (Career and Technical Education) line is $12M.

(20:15) Chairman Representative David Monson: If HB 1122 is passed, there is no appropriated money?

Representative Mark Sanford: I think the reality of this particular award is that the number of eligible students continue to grow. There are more students eligible and if we add dual credit, there are even more.

(21:25) Chairman Representative David Monson: How many extra students were we talking about adding and how much would they take?

Mr. Cronquist: I am not sure on the number of students, but there is a fiscal note of $584,000.

Chairman Representative David Monson: If we put $584,000 into it, then it would supposedly cover the students.

(22:35) Representative Mark Sanford: Could you look at that line item for an additional ask before the dual credit comes in?

Mr. Cronquist: In the Governor's recommendation, they added $2.9M.

Representative Mark Sanford: I think that represents the new students being added and would be around $3.4M.

(23:35) Mr. Cronquist: That is what the university system thinks would be necessary.

Chairman Representative David Monson: CTE (Career and Technical Education) was included last time, but not dual credit for high school kids.

(24:15) Vice Chairman Representative Jim Schmidt: I am looking at some other numbers.

Chairman Representative David Monson: You had some strong feelings about dipping into the high schools for this.

Vice Chairman Representative Jim Schmidt: I will yield to my committee members.

(25:10) Chairman Representative David Monson: Since we have included a few extra million dollars for the Challenge grant, maybe we discuss it in full committee.

Representative Bob Martinson: I think we should do it ourselves because it will take a lot longer.

Chairman Representative David Monson: We do not have HB 1122 in the committee.

Representative Bob Martinson: We could still tell them our idea.

(26:10) Vice Chairman Representative Jim Schmidt: There are somethings I have to let go of and this is one.

Representative Mark Sanford: The most straight forward answer for the extra $2.9M is for the growth of new students. The fallback is what would you have to have to stay level if you wanted to take some back.

Representative Mark Sanford: In many respects it is good news that there are more eligible because this is merit based. The dual credit is an add. It is easy to explain it, but at least we would not be reaching.

(27:50) Chairman Representative David Monson: This only represents merit based and not needs-based. We hit needs-based with about $2M, so should we do the same here?

Renae Bloms: The Governor's recommendation was $2.9M.

Representative Mike Schatz: So, the bottom number will change to $40M if we add the $2.2M and that will be over the 2017-2019 biennium. Will we get in trouble?

(29:35) Representative Mike Nathe: It will be $20M in salary adjustments and the other $20M is academic.

Chairman Representative David Monson: Representative Delzer asked by not changing the formula and allowing the full 2% and 2% if we are double dipping.

(30:25) Mr. Cronquist: There was not an inflationary increase in the formula. There will be an increase in salaries and benefits in the formula.

Representative Mike Schatz: Full health is a big deal and the Senate is going 2% and 3%. I would rather go 2% and 1%, but the leaders above picked 2% and 2%.

(31:40) Chairman Representative David Monson: The Governor had what?

Ms. Bloms: The Governor had 4% and 2% raises.

(32:00) Chairman Representative David Monson: If they are going to make use of the tiered plan, they will have to find the funds.

Representative Mike Schatz: I think we should be doing 2% and 1% to level things out in the Senate because if we compromise at 2.5%, it will be odd.

(33:05) Chairman Representative David Monson: Do we want to include HB 1122? We would be another $2M over.

Representative Mark Sanford: Why would that decision be made in here if it is in the full committee?

Chairman Representative David Monson: If it is included in here, the process would be way faster.

(34:10) Representative Mark Sanford: The issue for this committee would be the ongoing appropriation for merit-based scholarships because there are more qualifying students.

Chairman Representative David Monson: We did raise HB 1031.

Representative Mark Sanford: That is needs-based. The needs-based is on the basis of a cost of living and merit-based is all academic.

(35:20) Chairman Representative David Monson: What would the cost be if we used cost of living?

Representative Mark Sanford: You would have to change the language if you do not live up to the $2.9M.

Vice Chairman Representative Jim Schmidt: With respect to being eligible, you are not guaranteed to get money. Just because we have more students, does not mean you are getting extra money.

(36:50) Representative Mark Sanford: On **attachment 1**, we are over on residencies, but that was because it was a different source. We made a judgment to make it general funds. Line **17 of attachment 1** is $9M and $5M of that is coming from the bank.

Representative Mark Sanford: So the main culprits in getting up to $40M really come down to residencies, $2M of addition for needs-based and $5M of laundered funds. The $9M could have also been put in special funds, but it was recommended to be put in general.

(39:00) Representative Mike Schatz: We are looking at about a 35% increase and that will be questioned. If you had $103M last time and $140M this time, that is a large increase.

Representative Mike Nathe: I think Representative Mark Sanford is right and these changes are easy to defend. I know looking at the percentage and not want to see where the $9M is coming from or the residencies, but saying no to everything is not how we are going to fill our needs.

(40:55) Representative Mike Nathe: We will have to defend this.

Chairman Representative David Monson: I am looking at the special funds and they do not get big until the campus capital projects on **line 18 of attachment 1** and they are $218M.

Representative Mark Sanford: They are donations, revenue bonds, student fees and a lot of donations, which are all planned out on **page 2 of attachment 1**.

Chairman Representative David Monson: The student union is included in revenue bonds and we have to give our blessing in order for them to build a new one.

(42:45) Chairman Representative David Monson: Representative Mark Sanford can explain that.

Representative Mike Schatz: I am opposed to building a new student union based on revenue bonds, especially when they saddle the incoming students with higher fees.

Chairman Representative David Monson: What happens if we do not approve that?

(43:40) Representative Mark Sanford: There is $40M of deferred maintenance on the old student union due to a flood that happened. The options to fix it are a revenue bond or the state can bond or we have to spend cash. The next thing is doing nothing and next time it will be $50M.

Representative Mark Sanford: I can agree with Representative Mike Schatz that it is a large number and the context it is in can be explained.

(45:10) Chairman Representative David Monson: So what happens; they raise the money through revenue bonds and they are on state property, so going forward we will have maintenance on that and where will that be? What if their number of credits drop?

Representative Mark Sanford: The fees include operations and maintenance going forward and this is unique. It would be different levels of deferred maintenance.

(46:35) Chairman Representative David Monson: What about NDSU's (North Dakota State University) University Village?

Representative Mark Sanford: Those are based off of revenue bonds with a consistent flow of revenue with maintenance money being put away.

Chairman Representative David Monson: So all of these buildings being built with donations will have maintenance, but who pays for it?

(47:45) Representative Mike Schatz: Why do they not take the $35M from **item 3 of attachment 1 on page 2** and put that towards the student union?

Chairman Representative David Monson: They are probably rich people donating for a sports complex over a student union.

(49:00) Representative Bob Martinson: I think we should stop kicking dead horses because these were all talked about.

Chairman Representative David Monson: **Item 18 of attachment 1 on page 1** is not shaded and finished.

Representative Bob Martinson: Those are revenue bond special funds.

(50:00) Vice Chairman Representative Jim Schmidt: We just have to learn to let go.

Representative Tracy Boe: Listening to all of the talk, when we talk about the $40M of deferred maintenance on the student union and learning of the 5-year work plan, it should be denoted on the list.

Representative Tracy Boe: The ones that we know have maintenance in the future, I am good with. The only ones I am scratching my head on are the practice facilities so the maintenance costs do not fall on us.

(51:15) Representative Mark Sanford: We could say that none of the funds we put in the tiers are not for sports facilities. You could even put language in there that they have to take care of these themselves.

Chairman Representative David Monson: Can we say that if you use the tiered plan that you have to take care of future maintenance?

Representative Mark Sanford: I think the understanding of the 3 tiers is that you are dealing with maintenance, remodels and the 5-year plans. The outliers are sports facilities because they are largely built on donations.

(53:05) Chairman Representative David Monson: We could say that you have to provide for future upkeep.

Representative Tracy Boe: I do not know that we have to denote that they have to set it aside, but that they have to plan for it.

Chairman Representative David Monson: Planning and doing are 2 different things. I am a little uneasy with that.

(54:10) Vice Chairman Representative Jim Schmidt: I agree. Just using my personal experience, USDA (United States Department of Agriculture) requires it and if they did not, I do not think we would do it.

Chairman Representative David Monson: They are supposedly doing that for the revenue bonded projects. Can we do that for the donated sports complexes?

Vice Chairman Representative Jim Schmidt: When we had to go into the Engelstad Arena and remove the logos, we did not own that. Will we be owning these sports facilities?

Chairman Representative David Monson: Yes, they are on state land.

(55:50) Representative Mark Sanford: Let's put in a line for maintenance if it has a major donor.

(56:15) Mr. Cronquist: Last session you included a section on maintenance reserve and it went into the Century Code. It stated that an institution must establish a reserve maintenance account for 3% of the total cost to save for maintenance.

Mr. Cronquist: This is already there, but however, the Governor vetoed that subsection.

Representative Mike Nathe: Put it back in.

(57:20) Mr. Cronquist: There is a note on the Governor's veto, so I will have to check.

Representative Bob Martinson: We won it.

Chairman Representative David Monson: Let's put it in again and make him veto it again. That was only 3% and is a very reasonable request. I would say 5% is even better.

(58:10) Chairman Representative David Monson: Does that make you feel more comfortable?

Vice Chairman Representative Jim Schmidt: That makes me feel a lot better.

Chairman Representative David Monson: Put it in there then. So Representative Mark Sanford, you explained it well, but if that statement is in there or is put back in, then that will help.

(59:20) Chairman Representative David Monson: Let's leave HB 1122 out and leave it up for the full committee. I like having the ability for the dual credit students to be able to access them in high school.

Chairman Representative David Monson: Do we need to include anything for OERs (Open Educational Resources)? Is there money involved in that?

(1:00:30) Mr. Cronquist: There is $500,000 for shared campus services.

Representative Mike Nathe: There is a hearing going on with the 2 tiered governance system, if that passed would it have any effect on this?

Chairman Representative David Monson: That should have a fiscal note.

Representative Mike Nathe: Would that throw this on the flux?

Chairman Representative David Monson: It should not have any bearing on this just yet.

(1:02:00) Representative Bob Martinson: Take **item 1 on page 1** off the list. I would say that the idea was to take it off the list with the support of the committee leader and the majority leader.

Chairman Representative David Monson: I think that HB 1122 is valuable. I think that is it for this then.

Mr. Cronquist: Was there a decision ever made on the funding of HB 1122?

Chairman Representative David Monson: We will just let it fly and let that be addressed in the bill. It will get less per student. Same amount of money and more students.

(1:04:10) Chairman Representative David Monson: Representative Mike Schatz is still thinking we should go with the 2% and 1%.

Representative Mark Sanford: Would that be across the board?

Representative Mike Schatz: That is what I would like.

Chairman Representative David Monson: I think that might be too late now. The only thing Representative Delzer was concerned about was the formula having this and getting extra on top, but that has already been cleared up.

(1:05:20) Chairman Representative David Monson: My preference would be 1% and 2%, but they have not had a raise in a while.

Representative Mark Sanford: Item 1 on page 1 of attachment 1, when did this occur?

(1:06:10) Mr. Cronquist: It was in-between January of 2017 and now.

Representative Mark Sanford: Is that a June number?

Ms. Bloms: That is calculated using the differences of cuts taken in the previous biennium. They would have entered their info into IBARS (Internet Budget Analysis and Reporting System) in April of 2018.

(1:07:25) Representative Mark Sanford: I remember that higher education had a reduction of about 600 FTE (full time employee) last time.

Chairman Representative David Monson: **Item 1 on page 1** is an additional.

Ms. Bloms: I would have to double check, but is this for the system office or the system wide?

(1:08:30) Mr. Cronquist: It is system wide.

Ms. Bloms: Campuses can add or remove FTE with any additional money they want.

Chairman Representative David Monson: This is just a snapshot then.

(1:09:20) Chairman Representative David Monson: How many FTE are in there now after the 157.89 FTE cut?

(1:10:10) Mr. Cronquist: Around 6,600 with 6,434 in the institutions, 148 in the system office and 27 in the forest service.

Chairman Representative David Monson: I thought there were more than that. We did not look at vacant FTE, but they can add and subtract, so it does not make much sense to mess with. You can write up the amendment.

(1:11:10) Mr. Cronquist: When would you want that?

Chairman Representative David Monson: This afternoon, but how long will that take?

Mr. Cronquist: I am thinking by Thursday morning.

(1:11:40) Chairman Representative David Monson: We do not have to have this out until the 11th, which is next Monday.

(1:12:20) Representative Tracy Boe: Wednesday is full committee?

Chairman Representative David Monson: Wednesday and Thursday morning for sure, maybe the afternoon. We could come in after the late floor sessions.

(1:12:55) Chairman Representative David Monson: Closes the meeting on HB 1003.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Education and Environment Division
Roughrider Room, State Capitol

HB 1003
2/8/2019
32453

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature Parker Oswald

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota university system; to amend and reenact section 54-44.1-11 of the North Dakota Century Code, relating to the cancellation of unexpended appropriations; and to provide for a transfer.

Minutes: Attachment 1

Chairman Representative David Monson: Opens meeting on HB 1003.

(00:55) Representative Mark Sanford: I would defer to Alex to start us.

(1:05) Mr. Cronquist: Begins to give an overview of **attachment 1 on page 18**.

(2:30) Mr. Cronquist: **Returns to page 18 of attachment 1**.

(4:05) Representative Mark Sanford: Those outstanding projects have payments?

Mr. Cronquist: We can get you a list of projects still outstanding. Returns to **attachment 1 on page 1**.

(8:20) Representative Mark Sanford: UND's (University of North Dakota) includes the Medical School?

Mr. Cronquist: Correct. Returns to **attachment 1**.

(10:15) Chairman Representative David Monson: Representative Mark Sanford, you had your residency questions answered?

Representative Mark Sanford: Yes.

(10:30) Mr. Cronquist: Continues outlining **attachment 1**.

Representative Bob Martinson: It is interesting that the salary increase is $9.1M and the benefit increase is $9.3M. We need to start talking about these as an individual breakdown and it will be important to breakdown those large increases.

(12:00) Vice Chairman Representative Jim Schmidt: Those are tax free dollars.

(12:40) Representative Mark Sanford: Did we get a composite report across the whole government agencies?

Chairman Representative David Monson: I guess it was pointed out that giving higher education a 2% raise is higher than other agencies because a lot of these people have higher salaries. Other agencies will not see that same increase.

(14:15) Mr. Cronquist: Returns to **attachment 1 on page 24**.

(15:35) Chairman Representative David Monson: It might be something to mention that this would be the absolute max. If they do not think that they can raise the matching dollars, there are some that may not raise that money to access this.

Chairman Representative David Monson: We are still putting $10M into the pot and not all of that will be used either and that money will be saved as well. This is one-time, so if they do not use it, they lose it.

(16:55) Representative Mark Sanford: I would ask your advice on if I should bring out my page of the tiered breakdown?

Chairman Representative David Monson: I like your breakdown and **attachment 1** also breaks it down well.

(18:15) Representative Mark Sanford: That question was more for the full committee.

Chairman Representative David Monson: When we get to the floor, I do not think we will have to explain a lot. If someone thinks they are going to stump you, they are welcome.

Representative Bob Martinson: I think we would see the white flags of surrender on the floor if we started reading it.

(19:20) Chairman Representative David Monson: Anything else on that?

Mr. Cronquist: Continues presenting **attachment 1 on page 24**.

Chairman Representative David Monson: How many FTE (full time employee) does the forest service have?

Mr. Cronquist: They have 27 FTE.

Chairman Representative David Monson: Not many are general funded FTE? They must be other funded.

(20:25) Mr. Cronquist: Agronomy seed farm has around 3-4 FTE. Returns to **attachment 1 on page 6**.

Chairman Representative David Monson: So the language would expire.

Mr. Cronquist: The schools would come forward with a request.

(25:00) Chairman Representative David Monson: The part we want is that the language is gone and that they will have to come in and make their case for the hold harmless idea.

Mr. Cronquist: Correct. We will further amend this to remove **section 10 from page 14 of attachment 1**.

Chairman Representative David Monson: Section 11 is HB 1031? We had given that a do pass in our committee and full committee and went back and gave it a do not pass because it is in here? We want to give HB 1003 first with HB 1030 and HB 1031 after.

(27:15) Representative Mark Sanford: Will you take care of that order?

Chairman Representative David Monson: We have and it already sticks. We have to make sure we see them on the calendar and have motions made to move them to the bottom to wait for HB 1003. What happened to section 12?

(28:05) Mr. Cronquist: That was already in the bill and was not amended, so it is not in the amendment **(attachment 1)**. Section 12 has historically allowed higher education to carryover and that allows them to carryover and is a part of their base. Returns to **attachment 1 on page 14**.

(31:40) Chairman Representative David Monson: Will UND's Medical School always be included?

Mr. Cronquist: It is only for this biennium and next session there will need to be a discussion.

Representative Bob Martinson: Do we want to make that mandatory rather than optional? They do not have to give that money to the Medical School, right?

(32:35) Mr. Cronquist: It is left up to the board of higher education. Continues outlining **attachment 1 on page 15**.

(34:35) Chairman Representative David Monson: It is good that they cannot move the tier money around and use it for matching funds. Who thought of that?

Mr. Cronquist: I can take credit for that. Continues on **page 15 of attachment 1**.

(36:20) Chairman Representative David Monson: How come nothing goes past section 9 in the base budget bill?

Mr. Cronquist: I am looking at the Governor's recommended budget. I have been telling you the wrong list items.

Chairman Representative David Monson: You should put a little cheat sheet together to explain that. I would like to know which ones they are.

(37:45) Mr. Cronquist: I will put that together. Goes back to outlining **page 15 of attachment 1**.

(40:30) Representative Mark Sanford: Where does the limit come from?

Mr. Cronquist: That $700,000 was chosen to match what is currently in law for donated building funds and if it is over $700,000 they have to seek approval.

(41:20) Chairman Representative David Monson: We used to have Dunbar Hall and Lake Region's Agriculture building? Some of them will still have to bond.

Mr. Cronquist: Yes, but it was the committees wish to remove them from this. The committee seemed to think the bonding bill for Dunbar Hall was going to cover this.

Representative Bob Martinson: Can you give us an update on the appropriations decision?

Mr. Cronquist: It was a do pass as amended. They amended that and it also added $250,000 extra for Valley City projects.

(43:35) Chairman Representative David Monson: We are going to have to scrutinize that. I would like to see Dunbar Hall built, but I do not think it needs to be as large as they are thinking. Will technology make it so that not as many students need to be in person or will they continue to grow?

(44:50) Mr. Cronquist: I need one second to send a message about another one of my bills in a different committee. Continues on **page 17 of attachment 1**.

(47:00) Chairman Representative David Monson: Representative Kim Koppelman put in a bill regarding the raise of tuition. I would like to bring out HB 1003 before his bill because we are kind of in control of setting tuition limits, but his would be unnecessary.

Representative Mark Sanford: The constitutional language related to the board; my understanding is that they have the authority here?

(48:40) Mr. Cronquist: If the board tried to fight over the tuition limits, it would have to go to court.

Representative Mark Sanford: So the authority is not clear?

Mr. Cronquist: The Legislature has authority to change it because it is money based, but I am not sure what would happen in a court case.

(49:30) Representative Bob Martinson: We have a long history of setting tuition rates. I do not support that bill either.

Chairman Representative David Monson: Anything else?

(50:05) Mr. Cronquist: Continues on **page 18 of attachment 1**.

Chairman Representative David Monson: Have you made a Statement Purpose of Amendment (SPA)?

Mr. Cronquist: Yes, we have already reviewed that.

(51:00) Representative Mark Sanford: I have the first few hundred pages memorized. I have full confidence in this.

Chairman Representative David Monson: The way we do things; I think we all know enough to back each other up.

Mr. Cronquist: I think Sheila Sandness is covering for me.

(52:15) Chairman Representative David Monson: We have one amendment change.

Representative Mark Sanford make a motion to adopt amendment 19.0191.01001. Seconded by Representative Mike Nathe. Voice vote is taken and motion carries.

Chairman Representative David Monson: Still have one more amendment we wanted to address.

Representative Mark Sanford makes motion to further amend to repeal section 10 on the hold harmless clause from amendment 19.0191.01001. Seconded by Representative Bob Martinson. **Motion to remove section 10 of attachment 1**. **Voice Vote is taken and motion carries.**

(54:20) Chairman Representative David Monson: Any other amendments?

Representative Tracy Boe moves to a do pass as amended. Seconded by Representative Mike Nathe. Clerk takes roll. Motion carries with 6 yeas, 0 nay and 1 absent.

Chairman Representative David Monson: Closes meeting.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

HB 1003
2/13/2019
32675

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Risa Bergquist and Parker Oswald

Explanation or reason for introduction of bill/resolution:

Defraying the expenses of the North Dakota university system; relating to the cancellation of unexpended appropriations

Minutes: Attachment 1

Chairman Delzer: Opens meeting on HB 1003.

Representative Sanford: Begins to review amendment and passes out **attachment 1.**

(6:55) Representative Mark Sanford: General fund provides $4M and Bank of North Dakota would provide $15M. We are trying to get the commitment maintenance wise to cover our needs. This doesn't cover our needs in one scoop but it's a start. We would ask for a 2-year plan but also a 5-year plan so we can see what they are thinking. It's a way to use existing dollars to finish maintenance and build new projects, while getting more than one large project done each session.

Chairman Delzer: Questions?

Representative J. Nelson: How do you establish that match? It doesn't line up with the base funding.

Representative Sanford: The first column in tier 2 is from adding the second and third columns.

Chairman Delzer: Tuition increase plus Bank of North Dakota money equals that and to use that, they have to come up with that in their budget.

Representative J. Nelson: That is established by the amount that is available and does not relate to tier 1.

Chairman Delzer: For this to work it can't be considered a 2-year thing and 2 years from now we will be look at $15-19 million dollars. Total amount coming out so far on the floor $8M. So we are at $163M total.

Representative Bellew: In tier 2 the tuition funds, is that an increase in tuition?

Representative Sanford: In the bill, there is a section that states you have to take 1% (1/4 of tuition raise) if you raise the tuition by 4% or more in one year.

(13:00) Representative Mark Sanford: Continuing with amendment 19.0191.01004.

(18:00) Chairman Delzer: Have we done any studies on those numbers? Would there be a spot from WICHE for veterinarian positions?

Representative Mark Sanford: Yes, there is. When we get the WICHE (Western Interstate Commission for Higher Education) report, we have about 1/3 of those return to the state after 1 year of graduation. Continuing on page one of the amendment.

(22:15) Chairman Delzer: I think that was special funds for the Dual-credit instructor assistance.

(23:30) Chairman Delzer: The tribal college still set up that same as we did it last time? Wasn't there $200,000 not used from Challenge grants last time?

Representative Sanford: Yes. Dickinson State University (DSU) was not eligible last time. It was budgeted at $2M and this time is $2.2M to include DSU.

Alex Cronquist, LC: There are 11 higher education schools and DSU was not eligible last time, so only $2M was appropriated to the 10 that qualified. Now, DSU qualifies so they added in $200,000 for them in the Challenge grant.

Representative Monson: That's a maximum, so if some college doesn't raise the match money they won't get the money.

Representative Sanford: The unspent money gets pooled. Continues presenting **attachment 1**.

(27:40) Representative Mark Sanford: Credit hour completion will be united into the formula to fund 35 residencies at UND School of Medicine (University of North Dakota). The current $4M is not enough and the current money they get in the formula will be removed and have a standalone residency appropriation.

(28:35) Representative Bellew: How much do we pay the residency?

Representative Sanford: It is $152,000.

Representative Bellew: That actually goes to the body hosting and facilitating residency?

Representative Sanford: About $78,000 goes to the resident and the other $72,000 goes to the administrative body overseeing this.

Chairman Delzer: Where did that amount come from?

Representative Sanford: It came from the Medical School. Continues presenting **attachment 1**.

(32:00) Representative Kempenich: Do you break down the use of general funds with these colleges?

Representative Sanford: Not so much in committee, but during interim committee we look at the audit reports and financial ratios.

Representative Kempenich: I know before Dickinson got in trouble they would spend state dollars and save their other money to do other things.

Representative Sanford: I believe that report is available by March.

(33:45) Representative J. Nelson: It looks like all the universities are lower on FTEs (full time employees), but DSU is up, what caused that trend?

Representative Sanford: I would think it's a program or grant that they received, I know they aren't adding a lot of staff that are reliant on general fund and tuition.

Representative J. Nelson: It is a fairly significant increase.

(35:35) Representative Monson: In the column that's other funds, is that tuition considered? In DSU's case they have started getting more students I think the increase is because of increased tuition received.

Chairman Delzer: The credit hours are based on 2 years' prior; the staff numbers would be current.

Representative J. Nelson: That explanation does make sense.

(38:00) Representative Meier: Do they receive private funds for the digitization?

Chairman Delzer: I haven't heard anything about that.

Representative Sanford: Moves to item 6 of amendment.

Chairman Delzer: The maintenance falls on the state for those new buildings.

Alex Cronquist, LC: They would need permission for an increase in scope.

Representative Bellew: Where do they get the revenue fund?

Representative Sanford: The revenue bonds typically come from revenue generated through the building itself or student fees.

(41:05) Chairman Delzer: The revenue bonds have been voted on by the students.

Representative Sanford: There's language that suggests anything that adds square-footage to a college would require prior approval. The language has a maintenance fund that sets 3% of the total project cost has to be set aside to help with upkeep.

Chairman Delzer: How did you come up with 3%? Seems kind of low to me.

Representative Bellew: When Minot State got the new fitness center, the older students are the only ones that get to vote on it and they pass the costs on to the new students.

Representative Boe: When we discussed this in committee that my vote on this has no regard on the student vote due to older students voting. We talked about getting a long and short term work plan and then we were alerted that these work plans already exist and we need to request them.

(46:40) Representative J. Nelson: Building projects need prior approval? Is that from the board of higher education or legislative?

Chairman Delzer: Both.

(47:45) Representative Mark Sanford: Continues on page 10 and 11 of amendment section 5, 6 and 7.

(49:10) Representative Mark Sanford: Explains page 24 of amendment.

Chairman Delzer: Is there a repealer on that section?

Alex, LC: It expires on June 30th of this year.

(50:20) Representative Bellew: Where are the tuitions?

Chairman Delzer: We haven't gotten there yet.

Representative Meier: What was the reasoning to bring MHEC (Midwestern Higher Education Compact) back?

Representative Sanford: There was a request made to the committee.

Representative Monson: We received information form Representative Johnston and he sent us the information of the amount that students save when they go out of state. The total saving is 1.6 million for spending such a small amount.

Chairman Delzer: That would be savings on North Dakota students going to school in the mid-west.

Representative Mark Sanford: Section 3 puts us back into MHEC, section 4 is for challenge grants, section 5-7 we talked about, section 8 is all the waiting factors. There's one change in there on page 13, section 10 is the needs based grant, section 11 is langue clean up. Section 19 is the revenue bonds section 21 is tier 3 bank of North Dakota, section 22 is limits for maintenance. Section 23 is the tuition limitations, section 24 is the emergency.

(57:10) Chairman Delzer: Which in the original bill is now section 11?

Alex, LC: Section 3**.**

Chairman Delzer: Committee members, questions on the amendment?

Representative Sanford: I move to adopt the amendment 19.0191.01004.

Representative Monson: Seconded.

(58:40) Representative Kempenich: The end of the biennium is June and they had July 31st for capital projects, is that carried forward?

Chairman Delzer: I think we have 30-days further discussion? **Voice vote motion carries.**

Chairman Delzer: Any further amendments?

Representative Sanford: Move to Do Pass as Amended.

Representative Monson: Seconded.

Chairman Delzer: Any discussion?

A Roll Call vote was taken. Yea: 19 Nay: 2 Absent: 0

Representative Mark Sanford will carry the bill.

Prepared by the Legislative Council staff for
the House Appropriations - Education and
Environment Division Committee
February 6, 2019

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1003

Page 1, line 2, after the semicolon insert "to create and enact a new chapter to title 15 of the North Dakota Century Code, relating to the midwestern higher education compact; to create and enact three new subsections to section 15-10-63 of the North Dakota Century Code, relating to capital project authorization;"

Page 1, line 2, replace "section" with "sections 15-10-49, 15-18.2-02, 15-18.2-05, 15-18.2-06, 15-62.4-03, and"

Page 1, line 3, after "to" insert "matching grants for institutions under the control of the state board of higher education, state aid to institutions, the minimum amount payable through the higher education funding formula, the student financial assistance grant program, and"

Page 1, line 3, replace "and" with "to repeal section 15-10-61 of the North Dakota Century Code, relating to the dual-credit instructor assistance program; to authorize the state board of higher education to issue and sell bonds for capital projects;"

Page 1, line 3, replace "a transfer" with "transfers; to provide for reports; and to declare an emergency"

Page 1, remove lines 14 through 24

Page 2, replace lines 1 through 14 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Capital assets - bond payments	$6,605,326	($1,645,878)	$4,959,448
Competitive research programs	6,027,750	0	6,027,750
System governance	8,163,238	280,095	8,443,333
Title II	1,006,472	(1,006,472)	0
Core technology services	61,527,347	663,122	62,190,469
Student financial assistance grants	21,917,306	2,000,000	23,917,306
Professional student exchange program	3,699,342	0	3,699,342
Academic and technical education scholarships	12,016,749	0	12,016,749
Scholars program	1,807,115	0	1,807,115
Native American scholarship	555,323	0	555,323
Tribally controlled community college grants	600,000	(100,000)	500,000
Education incentive programs	2,863,393	(2,103,393)	760,000
Student mental health	284,400	0	284,400
Veterans' assistance grants	277,875	0	277,875
Shared campus services	500,000	0	500,000
Dual-credit instructor assistance	200,000	(200,000)	0
Education challenge fund	0	2,200,000	2,200,000
Tier III capital building fund pool	0	9,000,000	9,000,000
Total all funds	$128,051,636	$9,087,474	$137,139,110
Less estimated income	26,412,106	2,550,610	28,962,716
Total general fund	$101,639,530	$6,536,864	$108,176,394
Full-time equivalent positions	149.40	(0.50)	148.90"

Page 2, replace lines 17 through 24 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$101,670,034	($4,447,175)	$97,222,859
Capital assets	1,922,561	0	1,922,561
Capital building fund	0	1,679,082	1,679,082
Total all funds	$103,592,595	($2,768,093)	$100,824,502
Less estimated income	72,991,998	(3,062,872)	69,929,126
Total general fund	$30,600,597	$294,779	$30,895,376
Full-time equivalent positions	358.35	(34.42)	323.93"

Page 2, remove lines 27 through 31

Page 3, replace lines 1 through 3 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$36,449,048	$950,031	$37,399,079
Capital assets	362,667	3,000,000	3,362,667
Capital building fund	0	628,276	628,276
Total all funds	$36,811,715	$4,578,307	$41,390,022
Less estimated income	24,111,092	4,405,672	28,516,764
Total general fund	$12,700,623	$172,635	$12,873,258
Full-time equivalent positions	129.61	(11.51)	118.10"

Page 3, replace lines 6 through 13 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$26,954,133	$1,077,752	$28,031,885
Capital assets	1,261,968	0	1,261,968
Capital building fund	0	435,812	435,812
Total all funds	$28,216,101	$1,513,564	$29,729,665
Less estimated income	19,855,598	(137,663)	19,717,935
Total general fund	$8,360,503	$1,651,227	$10,011,730
Full-time equivalent positions	100.75	(0.27)	100.48"

Page 3, replace lines 16 through 23 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$864,554,974	$20,252,443	$884,807,417
Capital assets	4,411,566	115,000,000	119,411,566
Capital building fund	0	15,393,458	15,393,458
Total all funds	$868,966,540	$150,645,901	$1,019,612,441
Less estimated income	728,870,450	143,918,802	872,789,252
Total general fund	$140,096,090	$6,727,099	$146,823,189
Full-time equivalent positions	2,218.07	(85.90)	2,132.17"

Page 3, remove lines 26 through 31

Page 4, replace lines 1 through 3 with:

"

	Base Level	Adjustments or Enhancements	Appropriation

Operations	$732,673,267	$9,213,433	$741,886,700
Capital assets	7,799,104	79,800,000	87,599,104
Capital building fund	0	12,401,812	12,401,812
Total all funds	$740,472,371	$101,415,245	$841,887,616
Less estimated income	611,881,329	97,661,956	709,543,285
Total general fund	$128,591,042	$3,753,289	$132,344,331
Full-time equivalent positions	1,895.66	(25.50)	1,870.16"

Page 4, replace lines 6 through 14 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$91,682,610	$3,610,065	$95,292,675
Capital assets	1,012,379	0	1,012,379
Capital building fund	0	1,537,982	1,537,982
Total all funds	$92,694,989	$5,148,047	$97,843,036
Less estimated income	57,605,613	3,898,705	61,504,318
Total general fund	$35,089,376	$1,249,342	$36,338,718
Full-time equivalent positions	345.04	(34.31)	310.73"

Page 4, replace lines 17 through 25 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$47,135,592	$1,203,267	$48,338,859
Capital assets	409,078	0	409,078
Capital building fund	0	957,642	957,642
Theodore Roosevelt digitization	0	250,000	250,000
Total all funds	$47,544,670	$2,410,909	$49,955,579
Less estimated income	29,737,827	1,675,772	31,413,599
Total general fund	$17,806,843	$735,137	$18,541,980
Full-time equivalent positions	168.90	44.36	213.26"

Page 4, remove lines 28 through 31

Page 5, replace lines 1 through 4 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$44,197,761	$3,153,768	$47,351,529
Capital assets	358,992	0	358,992
Capital building fund	0	833,832	833,832
Total all funds	$44,556,753	$3,987,600	$48,544,353
Less estimated income	30,307,148	1,906,832	32,213,980
Total general fund	$14,249,605	$2,080,768	$16,330,373
Full-time equivalent positions	210.53	(1.26)	209.27"

Page 5, replace lines 7 through 14 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$100,710,275	$1,095,224	$101,805,499
Capital assets	1,099,620	0	1,099,620
Capital building fund	0	2,042,828	2,042,828
Total all funds	$101,809,895	$3,138,052	$104,947,947
Less estimated income	62,058,916	3,207,692	65,266,608

Total general fund	$39,750,979	($69,640)	$39,681,339
Full-time equivalent positions	441.65	(34.07)	407.58"

Page 5, replace lines 17 through 24 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$48,444,336	($2,009,370)	$46,434,966
Capital assets	455,823	0	455,823
Capital building fund	0	1,028,686	1,028,686
Total all funds	$48,900,159	($980,684)	$47,919,475
Less estimated income	28,470,657	(1,583,258)	26,887,399
Total general fund	$20,429,502	$602,574	$21,032,076
Full-time equivalent positions	202.75	(22.07)	180.68"

Page 5, remove lines 27 through 31

Page 6, replace lines 1 through 3 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$17,168,111	$811,683	$17,979,794
Capital assets	114,007	0	114,007
Capital building fund	0	357,700	357,700
Total all funds	$17,282,118	$1,169,383	$18,451,501
Less estimated income	9,629,173	1,124,568	10,753,741
Total general fund	$7,652,945	$44,815	$7,697,760
Full-time equivalent positions	84.30	(2.01)	82.29"

Page 6, replace lines 6 through 13 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$205,926,712	$5,179,871	$211,106,583
Health care workforce initiative	0	10,676,150	10,676,150
Total all funds	$205,926,712	$15,856,021	$221,782,733
Less estimated income	154,078,620	4,768,324	158,846,944
Total general fund	$51,848,092	$11,087,697	$62,935,789
Full-time equivalent positions	435.75	49.57	485.32"

Page 6, replace lines 16 through 23 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$14,958,447	$230,049	$15,188,496
Capital assets	118,728	0	118,728
Total all funds	$15,077,175	$230,049	$15,307,224
Less estimated income	10,650,748	14,652	10,665,400
Total general fund	$4,426,427	$215,397	$4,641,824
Full-time equivalent positions	27.00	0.00	27.00"

Page 6, replace lines 26 through 30 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Grand total general fund	$613,242,154	$35,081,983	$648,324,137

Grand total special funds	1,866,661,275	260,349,792	2,127,011,067
Grand total all funds	$2,479,903,429	$295,431,775	$2,775,335,204"

Page 7, line 2, after "biennium" insert "and the 2019-21 biennium one-time funding items included in the appropriation in section 1 of this Act"

Page 7, replace lines 4 and 5 with:

"Capital projects - other funds	$168,505,000	$197,800,000
Education challenge grants	2,000,000	2,200,000
Tier II and tier III capital building funds	0	46,297,110
Theodore Roosevelt digitization	0	250,000"

Page 7, replace lines 12 through 14 with:

"Total all funds	$205,843,626	$246,547,110
Total other funds	193,289,000	240,097,110
Total general fund	$12,554,626	$6,450,000

The 2019-21 one-time funding amounts are not a part of the entity's base budget for the 2021-23 biennium. The institutions and entities under the control of the state board of higher education shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019 and ending June 30, 2021."

Page 9, after line 6, insert:

"**SECTION 3.** A new chapter to title 15 of the North Dakota Century Code is created and enacted as follows:

Midwestern regional higher education compact.

The midwestern regional higher education compact is adopted as follows:

ARTICLE I - PURPOSE

The purpose of the midwestern higher education compact is to provide greater higher education opportunities and services in the midwestern region, with the aim of furthering regional access to, research in, and choice of higher education for the citizens residing in the states that are parties to this compact.

ARTICLE I - THE COMMISSION

1. The compacting states create the midwestern higher education commission, hereinafter called the commission. The commission is a body corporate of each compacting state. The commission has all the responsibilities, powers, and duties set forth in this chapter, including the power to sue and be sued, and any additional powers conferred upon it by subsequent action of the respective legislative assemblies of the compacting states in accordance with the terms of this compact.

2. The commission consists of the following five resident members from each state: the governor or the governor's designee who serves during the tenure of office of the governor; two legislators, one from each house, except for Nebraska, which may appoint two legislators from its legislative assembly, who serve two-year terms and are appointed by the appropriate

appointing authority in each house of the legislative assembly; and two other at large members, at least one of whom is to be selected from the field of higher education. The at large members are to be appointed as provided by the laws of the appointing state. One of the two at large members initially appointed in each state serves a two-year term. The other, and any regularly appointed successor to either at large member, serves a four-year term. All vacancies are to be filled in accordance with the laws of the appointing states. Any commissioner appointed to fill a vacancy serves until the end of the incomplete term.

3. The commission shall select annually, from among its members, a chairman, a vice chairman, and a treasurer.

4. The commission shall appoint an executive director who serves at its pleasure and who is secretary to the commission. The treasurer, the executive director, and other personnel as the commission determines must be bonded in the amounts required by the commission.

5. The commission shall meet at least once each calendar year. The chairman may call additional meetings and upon the request of a majority of the commission members of three or more compacting states, shall call additional meetings. The commission shall give public notice of all meetings. All meetings must be open to the public.

6. Each compacting state represented at any meeting of the commission is entitled to one vote. A majority of the compacting states constitute a quorum for the transaction of business, unless a larger quorum is required by the bylaws of the commission.

ARTICLE III - POWERS AND DUTIES OF THE COMMISSION

1. The commission shall adopt bylaws governing its management and operations.

2. Notwithstanding the laws of any compacting state, the commission shall provide for the personnel policies and programs of the compact in its bylaws.

3. The commission shall submit a budget to the governor and legislative assembly of each compacting state at the time and for the period required by each state. The budget must contain recommendations regarding the amount to be appropriated by each compacting state.

4. The commission shall report annually to the legislative assemblies and governors of the compacting states, to the midwestern governors' conference, and to the midwestern legislative conference of the council of state governments regarding the activities of the commission during the preceding year. The reports must include any recommendations that have been adopted by the commission.

5. The commission may borrow, accept, or contract for the services of personnel from any state or from the United States, or from any subdivision or agency thereof, from any interstate agency, or from any person.

6. The commission may accept for any of its purposes and functions under the compact donations and grants of money, equipment, supplies, materials, and services, conditional or otherwise, from any state or the United States or from any subdivision or agency thereof, from an interstate agency, or from any person, and may receive, use, and dispose of the same.

7. The commission may enter agreements with any other interstate education organization or agency, with institutions of higher education located in nonmember states, and with any of the various states to provide adequate programs and services in higher education for the citizens of the respective compacting states. After negotiations with interested institutions and interstate organizations or agencies, the commission shall determine the cost of providing the programs and services in higher education for use in these agreements.

8. The commission may establish and maintain offices in one or more of the compacting states.

9. The commission may establish committees and hire staff as necessary to carry out its functions.

10. The commission may provide for actual and necessary expenses for the attendance of its members at official meetings of the commission or of its designated committees.

ARTICLE IV - ACTIVITIES OF THE COMMISSION

1. The commission shall collect data on the long-range effects of the compact on higher education. By the end of the fourth year from the effective date of the compact and every two years thereafter, the commission shall review its accomplishments and make recommendations to the governors and legislative assemblies of the compacting states regarding continuance of the compact.

2. The commission shall study higher education issues that are of particular concern to the midwestern region. The commission also shall study the need for higher education programs and services in the compacting states and the resources for meeting those needs. The commission shall prepare reports, on its research, for presentation to the governors and legislative assemblies of the compacting states, as well as to other interested parties. In conducting the studies, the commission may confer with any national or regional planning body. The commission may draft and recommend to the governors and legislative assemblies of the various compacting states suggested legislation addressing issues in higher education.

3. The commission shall study the need for the provision of adequate programs and services in higher education, such as undergraduate, graduate, or professional student exchanges in the region. If a need for exchange in a field is apparent, the commission may enter agreements with any institution of higher education and with any compacting state to provide programs and services in higher education for the citizens of the respective compacting states. After negotiating with interested institutions and the compacting states, the commission shall determine the cost of

providing the programs and services in higher education for use in its agreements. The contracting states shall contribute funds not otherwise provided, as determined by the commission, to carry out the agreements. The commission may also serve as the administrative and fiscal agent in carrying out agreements for higher education programs and services.

4. The commission shall serve as a clearinghouse for information regarding higher education activities among institutions and agencies.

5. The commission may provide services and research in any other area of regional concern.

ARTICLE V - FINANCE

1. The compacting states will appropriate the amount necessary to finance the general operations of the commission, not otherwise provided for, when authorized by their respective legislative assemblies. The amount must be apportioned equally among the compacting states.

2. The commission may not incur any obligations prior to the passage of appropriations adequate to meet the same; nor may the commission pledge the credit of any of the compacting states, except by and with the authority of the compacting state.

3. The commission shall keep accurate accounts of its receipts and disbursements. The receipts and disbursements of the commission are subject to the audit and accounting procedures established under its bylaws. All receipts and disbursements handled by the commission must be audited yearly by a certified or licensed public accountant and the report of the audit must be included in and become part of the annual report of the commission.

4. The accounts of the commission must be open at any reasonable time for inspection by duly authorized representatives of the compacting states and by persons authorized by the commission.

ARTICLE VI - ELIGIBLE PARTIES AND ENTRY INTO FORCE

1. The states of Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin are eligible to become parties to this compact. Additional states may be eligible if approved by a majority of the compacting states.

2. This compact becomes effective, as to any eligible party state, when its legislative assembly enacts the compact into law.

3. An amendment to the compact becomes effective upon its enactment by the legislative assemblies of all compacting states.

ARTICLE VII - WITHDRAWAL, DEFAULT, AND TERMINATION

1. A compacting state may withdraw from the compact by enacting a statute repealing the compact, but the withdrawal may not become effective until two years after the enactment of such statute. A withdrawing state is liable for any obligation that it incurred on account of its party status, up to the

effective date of withdrawal, except that if the withdrawing state has specifically undertaken or committed itself to any performance of an obligation extending beyond the effective date of withdrawal, it remains liable to the extent of the obligation.

2. If a compacting state at any time defaults in the performance of its obligations, assumed or imposed, in accordance with this compact, all rights, privileges, and benefits conferred by this compact or by agreements made under the compact are suspended from the effective date of the default, as fixed by the commission. The commission shall stipulate the conditions and maximum time for compliance under which the defaulting state may resume its regular status. Unless the default is remedied under the stipulations and within the time period set by the commission, the compact may be terminated with respect to the defaulting state by affirmative vote of a majority of the other member states. A defaulting state may be reinstated by performing all acts and obligations required by the commission.

ARTICLE VIII - SEVERABILITY AND CONSTRUCTION

The provisions of this compact are severable, and if any phrase, clause, sentence, or provision of this compact is declared to be contrary to the constitution of any compacting state or of the United States or its applicability to any person or circumstance is held invalid, the validity of the remainder of the compact and its applicability to any person or circumstance may not be affected. If the compact is found to be contrary to the constitution of any compacting state, the compact remains in full force and effect as to the remaining states and in full force and effect as to the state affected as to all severable matters. The provisions of the compact must be liberally construed to effectuate the purpose of the compact.

Midwestern higher education commission - Terms - Vacancies.

1. The members of the midwestern higher education commission representing this state are:

   a. The governor or the governor's designee.

   b. One member of the senate and one member of the house of representatives, appointed by the chairman of the legislative management.

   c. Two at-large members, one of whom must be knowledgeable about the field of higher education, appointed by the governor.

2. The term of each legislative appointee is two years. One initial at-large member must be appointed for a term of two years and the other for a term of four years. Thereafter, the term of each at-large member is four years.

3. If a member vacates the position to which the member was appointed, the position must be filled for the remainder of the unexpired term in the same manner as that position was filled initially.

SECTION 4. AMENDMENT. Section 15-10-49 of the North Dakota Century Code is amended and reenacted as follows:

15-10-49. Advancement of academics - Matching grants - Two-year and four-year institutions of higher education.

1. a. Subject to legislative appropriations, each biennium during the period beginning July first of each odd-numbered year and ending December thirty-first of each even-numbered year, the state board of higher education shall award one dollar in matching grants for every two dollars raised by the institutional foundations of Bismarck state college, Dakota college at Bottineau, Dickinson state university, Lake Region state college, Mayville state university, Minot state university, North Dakota state college of science, Valley City state university, and Williston state college for projects dedicated exclusively to the advancement of academics.

   b. To be eligible for a matching grant, an institution must demonstrate that:

      (1) Its foundation has raised at least twenty-five thousand dollars in cash or monetary pledges for a qualifying project; and

      (2) The project has been approved by the grant review committee established in section 15-10-51.

   c. The board may award up to two hundred thousand dollars in matching grants to each institution.

2. a. If any available dollars have not been awarded by the board before January first of each odd-numbered year, in accordance with subsection 1, any institution listed in subsection 1 may apply for an additional matching grant.

   b. An application submitted under this subsection must meet the same criteria as an original application.

   c. The board shall consider each application submitted under this subsection in chronological order.

   d. If the remaining dollars are insufficient to provide a matching grant in the amount of one dollar for every two dollars raised by the institutional foundation, the board shall award a lesser amount.

3. The state board of higher education shall retain up to one-quarter of one percent of any grant awarded under this section to assist with administrative expenses incurred in the grant review process.

SECTION 5. A new subsection to section 15-10-63 of the North Dakota Century Code is created and enacted as follows:

Notwithstanding any existing agreements, an institution under the control of the state board of higher education shall obtain approval from the legislative assembly before the institution acquires any additional facility space to be used by the institution for any purpose, if the acquisition would result in additional operating costs to be paid from any source. This subsection does not apply to operating lease agreements that preclude the ownership of the leased facility.

SECTION 6. A new subsection to section 15-10-63 of the North Dakota Century Code is created and enacted as follows:

Notwithstanding any existing agreements, an institution under the control of the state board of higher education shall obtain approval from the legislative assembly before an institution purchases, rents, occupies, or otherwise utilizes a building or any portion of a building for a purpose that directly or indirectly supports or relates to the institution's educational or administrative functions if the building is located more than ten miles from the campus of the institution. This subsection does not apply to buildings utilized by an institution to offer dual-credit courses, buildings utilized by the agricultural experiment station and research extension centers, and buildings utilized by the North Dakota state university extension service. For purposes of this section, "campus" means the campus of the institution under the Federal Clery Act [Pub. L. 105-244; 20 U.S.C. 1092(f)].

SECTION 7. A new subsection to section 15-10-63 of the North Dakota Century Code is created and enacted as follows:

An institution that obtains legislative approval to acquire any additional facility space to be used by the institution for any purpose must establish a maintenance reserve fund of at least three percent of the total construction cost or replacement value, whichever is greater, of the acquired space. The institution's plans for funding the maintenance reserve fund must be included in the request for legislative approval. Maintenance reserve funds must be deposited in an account under the control of the state board of higher education before the acquired space may be occupied, and the funds may be used for maintenance repairs after the total deferred maintenance of the space exceeds thirty percent of its replacement value. The funds may not be used for any other purpose. This subsection does not apply to additional space acquired through the sale of revenue bonds that require by covenant the establishment of maintenance reserve funds.

SECTION 8. AMENDMENT. Section 15-18.2-02 of the North Dakota Century Code is amended and reenacted as follows:

15-18.2-02. Weighted credit-hours - Determination - Instructional program classification factors - Submission to legislative management.

1. In order to determine the weighted credit-hours for each institution under its control, the state board of higher education shall multiply each of an institution's completed credit-hours, as determined under section 15-18.2-01, by an instructional program classification factor, as set forth in this section.

   a. The factors for credits completed in agriculture are:

      (1) 1.9 for lower division credits;

      (2) 3.8 for upper division credits;

      (3) 5.7 for professional level credits; and

      (4) 7.6 for graduate level credits.

   b. The factors for credits completed in architecture are:

(1) 1.8 for lower division credits;

(2) 3.6 for upper division credits;

(3) 5.4 for professional level credits; and

(4) 7.2 for graduate level credits.

c. The factors for credits completed in transportation are:

(1) 1.9 for lower division credits;

(2) 3.8 for upper division credits;

(3) 5.7 for professional level credits; and

(4) 7.6 for graduate level credits.

d. The factors for credits completed in the biological and physical sciences are:

(1) 1.9 for lower division credits;

(2) 3.8 for upper division credits;

(3) 5.7 for professional level credits; and

(4) 7.6 for graduate level credits.

e. The factors for credits completed in business are:

(1) 1.9 for lower division credits;

(2) 3.8 for upper division credits;

(3) 5.7 for professional level credits; and

(4) 7.6 for graduate level credits.

f. The factors for credits completed in education are:

(1) 1.9 for lower division credits;

(2) 3.8 for upper division credits;

(3) 5.7 for professional level credits; and

(4) 7.6 for graduate level credits.

g. The factors for credits completed in engineering are:

(1) 2.5 for lower division credits;

(2) 5.0 for upper division credits;

(3) 7.5 for professional level credits; and

(4) 10.0 for graduate level credits.

h. The factors for credits completed in the health sciences are:

(1) 3.0 for lower division credits;

(2) 6.0 for upper division credits;

(3) 9.0 for professional level credits;

(4) 12.0 for graduate level credits; and

(5) ~~38.0~~34.5 for medical school credits.

i. The factors for credits completed in legal studies are:

(1) 3.5 for lower division credits;

(2) 7.0 for upper division credits;

(3) 10.5 for professional level credits; and

(4) 14.0 for graduate level credits.

j. The factors for credits completed in the core disciplines are:

(1) 1.0 for lower division credits;

(2) 2.0 for upper division credits;

(3) 3.0 for professional level credits; and

(4) 4.0 for graduate level credits.

k. The factor for credits completed in career and technical education is 2.0.

l. The factor for completed basic skills credits is 2.3.

2. a. The state board of higher education shall ensure that all delineations in this section reflect the requirements of a nationally recognized and standardized instructional program classification system.

b. Before adopting any changes to the delineations implemented in accordance with this section, the state board of higher education shall present the proposed changes to and receive the approval of the legislative management.

SECTION 9. AMENDMENT. Section 15-18.2-05 of the North Dakota Century Code is amended and reenacted as follows:

15-18.2-05. Base funding - Determination of state aid.

1. Except as provided under subsection 2, in order to determine the state aid payment to which each institution under its control is entitled, the state board of higher education shall multiply the product determined under section 15-18.2-04 by a base amount of:

a. ~~$58.65~~$60.70 in the case of North Dakota state university and the university of North Dakota;

b. ~~$86.95~~$90.48 in the case of Dickinson state university, Mayville state university, Minot state university, and Valley City state university; and

c. ~~$93.03~~$96.52 in the case of Bismarck state college, Dakota college at Bottineau, Lake Region state college, North Dakota state college of science, and Williston state college.

2. An institution is entitled to an amount equal to seventy-five percent of the product determined under subsection 1 for credits completed by students receiving a tuition waiver pursuant to section 54-12-35.

SECTION 10. AMENDMENT. Section 15-18.2-06 of the North Dakota Century Code is amended and reenacted as follows:

15-18.2-06. Base funding - Minimum amount payable. (Effective through June 30, ~~2019~~2021)

Notwithstanding any calculations required by this chapter, during each biennium, an institution may not receive less than ninety-six percent of the state aid to which the institution was entitled under this chapter during the previous biennium.

SECTION 11. AMENDMENT. Section 15-62.4-03 of the North Dakota Century Code is amended and reenacted as follows:

15-62.4-03. Student financial assistance program - Grants.

1. The state board of higher education shall provide to each eligible student a financial assistance grant in an amount not exceeding:

   a. ~~Nine hundred seventy-five~~One thousand one hundred dollars per semester; or

   b. ~~Six hundred fifty~~Seven hundred thirty-three dollars per quarter.

2. a. A student is not entitled to receive grants under this chapter for more than the equivalent of:

      (1) Eight semesters of full-time enrollment; or

      (2) Twelve quarters of full-time enrollment.

   b. Notwithstanding subdivision a, a student is not entitled to receive a grant under this chapter after the student obtains a baccalaureate degree.

3. The board shall forward grants payable under this chapter directly to the institution in which the student is enrolled."

Page 9, after line 6, insert:

"**SECTION 13. REPEAL.** Section 15-10-61 of the North Dakota Century Code is repealed."

Page 9, line 18, replace "biennium" with "period"

Page 9, line 18, replace "July 1, 2019" with "beginning with the effective date of this Act"

Page 9, replace lines 23 through 31 with:

"**SECTION 16. UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES OPERATIONS.** The operations line item in subdivision 5 of section 1 of this Act includes a funding allocation from the higher education per student credit-hour funding formula attributable to inflation during the biennium beginning July 1, 2019, and ending June 30, 2021. Based on the recommendation of the commissioner of higher education a portion of the allocation may be transferred by the

state board of higher education between the university of North Dakota school of medicine and health sciences and the university of North Dakota."

Page 10, line 3, after "assets" insert "and capital building fund"

Page 10, line 17, after the period insert "An institution may not use tier II or tier III capital building fund moneys as matching funds under this section.

SECTION 20. BOND ISSUANCE AUTHORIZATION - PURPOSES. The state board of higher education, in accordance with chapter 15-55, may arrange for the funding of projects authorized in this section, declared to be in the public interest, through the issuance of self-liquidating, tax-exempt evidences of indebtedness under chapter 15-55, beginning with the effective date of this Act and ending June 30, 2021. Evidences of indebtedness issued pursuant to this section are not a general obligation of the state of North Dakota. Any unexpended balance resulting from the proceeds of the evidences of indebtedness must be placed in a sinking fund to be used for the retirement of indebtedness. The evidences of indebtedness may be issued and the proceeds are appropriated in section 1 of this Act for the following capital projects:

University of North Dakota - memorial union	$80,000,000
North Dakota state university - university village phase II	37,600,000
Total special funds	$117,600,000

SECTION 21. TRANSFER - BANK OF NORTH DAKOTA PROFITS - TIER II CAPITAL BUILDING FUNDS - MATCHING FUNDS. The industrial commission shall transfer to institutions under the control of the state board of higher education a total of $10,000,000, or so much of the sum as may be necessary, from the current earnings and accumulated undivided profits of the Bank of North Dakota during the period beginning with the effective date of this Act, and ending June 30, 2021, as requested by the commissioner of higher education. The capital building fund and estimated income line items in subdivisions 2 through 12 of section 1 of this Act include $10,000,000 from the current earnings and accumulated undivided profits of the Bank of North Dakota and $8,648,555 from a one percent per year increase in tuition as follows:

	Bank of North Dakota	Estimated Tuition Commitment
Bismarck state college	$425,693	$413,848
Lake Region state college	177,375	136,763
Williston state college	137,947	79,959
University of North Dakota	4,361,801	3,334,928
North Dakota state university	2,899,596	3,301,310
North Dakota state college of science	500,695	268,296
Dickinson state university	268,862	209,959
Mayville state university	240,029	176,887
Minot state university	572,801	448,613
Valley City state university	309,137	205,206
Dakota college at Bottineau	106,064	72,786
Total	$10,000,000	$8,648,555

An institution shall provide one dollar of matching funds from operations or other sources for each one dollar from Bank of North Dakota profits and for each one dollar generated from the one percent per year increase in tuition deposited in each institution's capital building fund. An institution may not use extraordinary repairs funding or tier III capital building fund moneys as matching funds under this section.

SECTION 22. TRANSFER - BANK OF NORTH DAKOTA PROFITS - TIER III CAPITAL BUILDING FUND POOL - MATCHING FUNDS. The industrial commission shall transfer to the North Dakota university system office a total of $5,000,000, or so much of the sum as may be necessary, from the current earnings and accumulated undivided profits of the Bank of North Dakota during the period beginning with the effective date of this Act, and ending June 30, 2021, as requested by the commissioner of higher education. The tier III capital building fund pool and estimated income line items in subdivision 1 of section 1 of this Act include $5,000,000 from the current earnings and accumulated undivided profits of the Bank of North Dakota. The tier III capital building fund pool in subdivision 1 of section 1 of this Act also includes $4,000,000 from the general fund. Funding from the tier III capital building fund pool is to be allocated to each institution as follows:

	Tier III Capital Building Fund
Bismarck state college	$500,000
Lake Region state college	500,000
Williston state college	500,000
University of North Dakota	2,250,000
North Dakota state university	2,250,000
North Dakota state college of science	500,000
Dickinson state university	500,000
Mayville state university	500,000
Minot state university	500,000
Valley City state university	500,000
Dakota college at Bottineau	500,000
Total	$9,000,000

An institution shall provide two dollars of matching funds from operations or other sources for each one dollar from the tier III capital building fund pool. An institution may not use extraordinary repairs funding or tier II capital building fund moneys as matching funds under this section. Any funds transferred to an institution pursuant to this section from the tier III capital building fund pool must be placed in that institution's capital building fund line item.

SECTION 23. CAPITAL BUILDING FUNDS - USES - REPORTS. Subject to state board of higher education approval, each institution in subdivisions 2 through 12 of section 1 of this Act may use moneys from its capital building fund line item for extraordinary repairs and deferred maintenance projects which do not exceed $700,000 and do not increase the square footage of a building. In addition, Lake Region state college is authorized to use up to $3,000,000 from its capital building fund line item for the precision agriculture center project. The North Dakota university system shall report to the legislative management during the 2019-20 interim and to the appropriations committees of the sixty-seventh legislative assembly on the use of funding in each institutions' capital building fund line item, the source of matching funds, and each institutions' five-year plan for capital construction spending.

SECTION 24. TUITION RATE INCREASE LIMITATION - BUDGET SECTION APPROVAL.

1. Except as provided in this section, notwithstanding any other provision of law, the state board of higher education may not increase tuition rates for resident students attending institutions of higher education under its control during the 2019-20 academic year by more than three percent as compared to the tuition rate in effect during the 2019 spring semester

unless the board receives prior budget section approval. Before approving or denying the request, the budget section shall consider the effect the tuition rate increase will have on current and prospective students, tuition rates at comparable institutions in neighboring states, and the institution's planned use of additional tuition revenue.

2. Except as provided in this section, notwithstanding any other provision of law, the state board of higher education may not increase tuition rates for resident students attending institutions of higher education under its control during the 2020-21 academic year by more than three percent as compared to the tuition rate in effect during the 2020 spring semester unless the board receives prior budget section approval. Before approving or denying the request, the budget section shall consider the effect the tuition rate increase will have on current and prospective students, tuition rates at comparable institutions in neighboring states, and the institution's planned use of additional tuition revenue.

3. This section does not apply to tuition rates charged for graduate level programs, including programs offered through the university of North Dakota school of medicine and health sciences, the university of North Dakota school of law, or the North Dakota state university school of pharmacy.

4. This section does not apply to tuition rates for nonresident students attending institutions of higher education under the control of the state board of higher education. For purposes of this section, the residency of students for tuition purposes must be determined under section 15-10-19.1.

5. This section does not apply to tuition rates determined under tuition reciprocity agreements entered into by the state board of higher education with other states or state education compacts.

6. For purposes of this section, an institution must calculate a resident tuition rate increase based on the tuition rate paid by an average full-time resident student. The state board of higher education may exclude adjustments to a tuition rate resulting from a change in an institution's method of charging tuition, including the consolidation of existing fees into tuition rates or charging tuition based on a per-credit rate, from tuition rate calculations under this section.

7. The state board of higher education may increase tuition rates for all students attending institutions of higher education under its control during the 2019-20 academic year by an additional one percent as compared to the tuition rate in effect during the 2019 spring semester if the institution has provided matching funds from operations or other sources for each one dollar generated from the one percent increase in tuition, which must be deposited in each institution's capital building fund.

8. The state board of higher education may increase tuition rates for all students attending institutions of higher education under its control during the 2020-21 academic year by an additional one percent as compared to the tuition rate in effect during the 2020 spring semester if the institution has provided matching funds from operations or other sources for each

one dollar generated from the one percent increase in tuition, which must be deposited in each institution's capital building fund.

SECTION 25. EMERGENCY. Sections 15, 17, 19, 20, 21, 22, and 23 of this Act and the tier III capital building fund pool, capital assets, and capital building fund line items in section 1 of this Act are declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1003 - Summary of House Action

	Base Budget	House Changes	House Version
University System Office			
Total all funds	$128,051,636	$9,087,474	$137,139,110
Less estimated income	26,412,106	2,550,610	28,962,716
General fund	$101,639,530	$6,536,864	$108,176,394
FTE	149.40	(0.50)	148.90
Bismarck State College			
Total all funds	$103,592,595	($2,768,093)	$100,824,502
Less estimated income	72,991,998	(3,062,872)	69,929,126
General fund	$30,600,597	$294,779	$30,895,376
FTE	358.35	(34.42)	323.93
Lake Region State College			
Total all funds	$36,811,715	$4,578,307	$41,390,022
Less estimated income	24,111,092	4,405,672	28,516,764
General fund	$12,700,623	$172,635	$12,873,258
FTE	129.61	(11.51)	118.10
Williston State College			
Total all funds	$28,216,101	$1,513,564	$29,729,665
Less estimated income	19,855,598	(137,663)	19,717,935
General fund	$8,360,503	$1,651,227	$10,011,730
FTE	100.75	(0.27)	100.48
University of North Dakota			
Total all funds	$868,966,540	$150,645,901	$1,019,612,441
Less estimated income	728,870,450	143,918,802	872,789,252
General fund	$140,096,090	$6,727,099	$146,823,189
FTE	2,218.07	(85.90)	2,132.17
UND Medical Center			
Total all funds	$205,926,712	$15,856,021	$221,782,733
Less estimated income	154,078,620	4,768,324	158,846,944
General fund	$51,848,092	$11,087,697	$62,935,789
FTE	435.75	49.57	485.32
North Dakota State University			
Total all funds	$740,472,371	$101,415,245	$841,887,616
Less estimated income	611,881,329	97,661,956	709,543,285
General fund	$128,591,042	$3,753,289	$132,344,331
FTE	1,895.66	(25.50)	1,870.16
State College of Science			
Total all funds	$92,694,989	$5,148,047	$97,843,036
Less estimated income	57,605,613	3,898,705	61,504,318
General fund	$35,089,376	$1,249,342	$36,338,718
FTE	345.04	(34.31)	310.73

Dickinson State University			
Total all funds	$47,544,670	$2,410,909	$49,955,579
Less estimated income	29,737,827	1,675,772	31,413,599
General fund	$17,806,843	$735,137	$18,541,980
FTE	168.90	44.36	213.26
Mayville State University			
Total all funds	$44,556,753	$3,987,600	$48,544,353
Less estimated income	30,307,148	1,906,832	32,213,980
General fund	$14,249,605	$2,080,768	$16,330,373
FTE	210.53	(1.26)	209.27
Minot State University			
Total all funds	$101,809,895	$3,138,052	$104,947,947
Less estimated income	62,058,916	3,207,692	65,266,608
General fund	$39,750,979	($69,640)	$39,681,339
FTE	441.65	(34.07)	407.58
Valley City State University			
Total all funds	$48,900,159	($980,684)	$47,919,475
Less estimated income	28,470,657	(1,583,258)	26,887,399
General fund	$20,429,502	$602,574	$21,032,076
FTE	202.75	(22.07)	180.68
Dakota College at Bottineau			
Total all funds	$17,282,118	$1,169,383	$18,451,501
Less estimated income	9,629,173	1,124,568	10,753,741
General fund	$7,652,945	$44,815	$7,697,760
FTE	84.30	(2.01)	82.29
Forest Service			
Total all funds	$15,077,175	$230,049	$15,307,224
Less estimated income	10,650,748	14,652	10,665,400
General fund	$4,426,427	$215,397	$4,641,824
FTE	27.00	0.00	27.00
Bill total			
Total all funds	$2,479,903,429	$295,431,775	$2,775,335,204
Less estimated income	1,866,661,275	260,349,792	2,127,011,067
General fund	$613,242,154	$35,081,983	$648,324,137
FTE	6,767.76	(157.89)	6,609.87

House Bill No. 1003 - North Dakota University System - General Fund Summary

	Base Budget	House Changes	House Version
University System Office	$101,639,530	$6,536,864	$108,176,394
Bismarck State College	30,600,597	294,779	30,895,376
Lake Region State College	12,700,623	172,635	12,873,258
Williston State College	8,360,503	1,651,227	10,011,730
University of North Dakota	140,096,090	6,727,099	146,823,189
UND Medical Center	51,848,092	11,087,697	62,935,789
North Dakota State University	128,591,042	3,753,289	132,344,331
State College of Science	35,089,376	1,249,342	36,338,718
Dickinson State University	17,806,843	735,137	18,541,980
Mayville State University	14,249,605	2,080,768	16,330,373
Minot State University	39,750,979	(69,640)	39,681,339
Valley City State University	20,429,502	602,574	21,032,076
Dakota College at Bottineau	7,652,945	44,815	7,697,760
Forest Service	4,426,427	215,397	4,641,824
Total general fund	$613,242,154	$35,081,983	$648,324,137

Detail of House Changes to the General Fund

	Adjusts Funding for University System Office[1]	Provides Funding Formula Adjustments[2]	Adjusts Special Funds and FTE Positions[3]	Adds Funding for Residency Program[4]	Adds One-Time Funding for Theodore Roosevelt Digitization[5]	Adds Funding for Capital Projects[6]
University System Office	$6,536,864					
Bismarck State College		$294,779				
Lake Region State College		172,635				
Williston State College		1,651,227				
University of North Dakota		6,727,099				
UND Medical Center		6,580,445		$4,507,252		
North Dakota State University		3,753,289				
State College of Science		1,249,342				
Dickinson State University		485,137			$250,000	
Mayville State University		2,080,768				
Minot State University		(69,640)				
Valley City State University		602,574				
Dakota College at Bottineau		44,815				
Forest Service						
Total general fund	$6,536,864	$23,572,470	$0	$4,507,252	$250,000	$0

	Adds Funding for Capital Building Funds[7]	Adjusts Forest Service Funding[8]	Total the General Fund Changes
University System Office			$6,536,864
Bismarck State College			294,779
Lake Region State College			172,635
Williston State College			1,651,227
University of North Dakota			6,727,099
UND Medical Center			11,087,697
North Dakota State University			3,753,289
State College of Science			1,249,342
Dickinson State University			735,137
Mayville State University			2,080,768
Minot State University			(69,640)
Valley City State University			602,574
Dakota College at Bottineau			44,815
Forest Service		$215,397	215,397
Total general fund	$0	$215,397	$35,081,983

House Bill No. 1003 - North Dakota University System - Other Funds Summary

	Base Budget	House Changes	House Version
University System Office	$26,412,106	$2,550,610	$28,962,716
Bismarck State College	72,991,998	(3,062,872)	69,929,126
Lake Region State College	24,111,092	4,405,672	28,516,764
Williston State College	19,855,598	(137,663)	19,717,935
University of North Dakota	728,870,450	143,918,802	872,789,252
UND Medical Center	154,078,620	4,768,324	158,846,944
North Dakota State University	611,881,329	97,661,956	709,543,285
State College of Science	57,605,613	3,898,705	61,504,318
Dickinson State University	29,737,827	1,675,772	31,413,599
Mayville State University	30,307,148	1,906,832	32,213,980
Minot State University	62,058,916	3,207,692	65,266,608
Valley City State University	28,470,657	(1,583,258)	26,887,399
Dakota College at Bottineau	9,629,173	1,124,568	10,753,741
Forest Service	10,650,748	14,652	10,665,400
Total other funds	$1,866,661,275	$260,349,792	$2,127,011,067

Detail of House Changes to Other Funds

	Adjusts Funding for University System Office[1]	Provides Funding Formula Adjustments[2]	Adjusts Special Funds and FTE Positions[3]	Adds Funding for Residency Program[4]	Adds One-Time Funding for Theodore Roosevelt Digitization[5]	Adds Funding for Capital Projects[6]
University System Office	$2,550,610					
Bismarck State College			($4,741,954)			
Lake Region State College			777,396			$3,000,000
Williston State College			(573,475)			
University of North Dakota			13,525,344			115,000,000
UND Medical Center			4,768,324			
North Dakota State University			5,460,144			79,800,000
State College of Science			2,360,723			
Dickinson State University			718,130			
Mayville State University			1,073,000			
Minot State University			1,164,864			
Valley City State University			(2,611,944)			
Dakota College at Bottineau			766,868			
Forest Service						
Total other funds	$2,550,610	$0	$22,687,420	$0	$0	$197,800,000

	Adds Funding for Capital Building Funds[7]	Adjusts Forest Service Funding[8]	Total Other Funds Changes
University System Office			$2,550,610
Bismarck State College	$1,679,082		(3,062,872)
Lake Region State College	628,276		4,405,672
Williston State College	435,812		(137,663)
University of North Dakota	15,393,458		143,918,802
UND Medical Center			4,768,324
North Dakota State University	12,401,812		97,661,956
State College of Science	1,537,982		3,898,705
Dickinson State University	957,642		1,675,772
Mayville State University	833,832		1,906,832
Minot State University	2,042,828		3,207,692
Valley City State University	1,028,686		(1,583,258)
Dakota College at Bottineau	357,700		1,124,568
Forest Service		$14,652	14,652
Total other funds	$37,297,110	$14,652	$260,349,792

House Bill No. 1003 - North Dakota University System - All Funds Summary

	Base Budget	House Changes	House Version
University System Office	$128,051,636	$9,087,474	$137,139,110
Bismarck State College	103,592,595	(2,768,093)	100,824,502
Lake Region State College	36,811,715	4,578,307	41,390,022
Williston State College	28,216,101	1,513,564	29,729,665
University of North Dakota	868,966,540	150,645,901	1,019,612,441
UND Medical Center	205,926,712	15,856,021	221,782,733
North Dakota State University	740,472,371	101,415,245	841,887,616
State College of Science	92,694,989	5,148,047	97,843,036
Dickinson State University	47,544,670	2,410,909	49,955,579
Mayville State University	44,556,753	3,987,600	48,544,353
Minot State University	101,809,895	3,138,052	104,947,947
Valley City State University	48,900,159	(980,684)	47,919,475
Dakota College at Bottineau	17,282,118	1,169,383	18,451,501
Forest Service	15,077,175	230,049	15,307,224
Total all funds	$2,479,903,429	$295,431,775	$2,775,335,204
FTE	6,767.76	(157.89)	6,609.87

Detail of House Changes to All Funds

	Adjusts Funding for University System Office[1]	Provides Funding Formula Adjustments[2]	Adjusts Special Funds and FTE Positions[3]	Adds Funding for Residency Program[4]	Adds One-Time Funding for Theodore Roosevelt Digitization[5]	Adds Funding for Capital Projects[6]
University System Office	$9,087,474					
Bismarck State College		$294,779	($4,741,954)			
Lake Region State College		172,635	777,396			$3,000,000
Williston State College		1,651,227	(573,475)			
University of North Dakota		6,727,099	13,525,344			115,000,000
UND Medical Center		6,580,445	4,768,324	$4,507,252		
North Dakota State University		3,753,289	5,460,144			79,800,000
State College of Science		1,249,342	2,360,723			
Dickinson State University		485,137	718,130		$250,000	
Mayville State University		2,080,768	1,073,000			
Minot State University		(69,640)	1,164,864			
Valley City State University		602,574	(2,611,944)			
Dakota College at Bottineau		44,815	766,868			
Forest Service						
Total all funds	$9,087,474	$23,572,470	$22,687,420	$4,507,252	$250,000	$197,800,000
FTE	(0.50)	0.00	(157.39)	0.00	0.00	0.00

	Adds Funding for Capital Building Funds[7]	Adjusts Forest Service Funding[8]	Total All Funds Changes
University System Office			$9,087,474
Bismarck State College	$1,679,082		(2,768,093)
Lake Region State College	628,276		4,578,307
Williston State College	435,812		1,513,564
University of North Dakota	15,393,458		150,645,901
UND Medical Center			15,856,021
North Dakota State University	12,401,812		101,415,245
State College of Science	1,537,982		5,148,047
Dickinson State University	957,642		2,410,909
Mayville State University	833,832		3,987,600
Minot State University	2,042,828		3,138,052
Valley City State University	1,028,686		(980,684)
Dakota College at Bottineau	357,700		1,169,383
Forest Service		$230,049	230,049
Total all funds	$37,297,110	$230,049	$295,431,775
FTE	0.00	0.00	(157.89)

[1] Funding for the University System office is adjusted as detailed in the schedules below.

The following schedule details funding adjustments for system governance:

System Governance

	FTE Positions	General Fund	Other Funds	Total
Base payroll changes	(0.50)	$760	($226,935)	($226,175)
Salary increase		174,561	6,969	181,530
Health insurance increase		90,278	4,462	94,740
Restore funding for the Midwestern Higher Education Compact		230,000		230,000
Total	(0.50)	$495,599	($215,504)	$280,095

The following schedule details funding adjustments for Core Technology Services:

Core Technology Services

	General Fund	Other Funds	Total
Base payroll changes	$16	$59	$75
Salary increase	404,597	263,475	668,072
Health insurance increase	320,616	213,796	534,412
Remove funding from the student loan trust fund		(539,437)	(539,437)
Total	$725,229	($62,107)	$663,122

The following schedule details funding adjustments in other line items in the University System office budget:

	Funding Adjustments to Other Line Items			
	Base Level	General Fund Adjustment	Other Funds Adjustment	House Version
Capital bond payments	$6,605,326	($1,645,878)		$4,959,448
Title II	1,006,472		($1,006,472)	0
Student financial assistance grants	21,917,306	2,000,000		$23,917,306
Professional student exchange program	3,699,342	465,307	(465,307)	3,699,342
Tribal college grants	600,000	400,000	(500,000)	500,000
Education incentive programs	2,863,393	(2,103,393)		760,000
Dual-credit instructor assistance	200,000		(200,000)	0
Tier III capital building fund pool		4,000,000	5,000,000	9,000,000
Challenge grants		2,200,000		2,200,000
Total	$36,891,839	$5,316,036	$2,828,221	$45,036,096

[2] The following adjustments are made to institution general fund appropriations through the higher education funding formula:

	Credit Hour Completion Adjustment	Salary Increase	Health Insurance Increase	Hold Harmless Provision	Total Increase
Bismarck State College	($822,345)	$536,167	$580,957		$294,779
Dakota College at Bottineau	(233,523)	110,595	167,743		44,815
Lake Region State College	(292,840)	223,963	241,512		172,635
State College of Science	(64,604)	625,495	688,451		1,249,342
Williston State College	1,289,220	179,354	182,653		1,651,227
Dickinson State University	(228,509)	331,284	382,362		485,137
Mayville State University	1,443,653	293,670	343,445		2,080,768
Minot State University	(2,300,918)	721,208	799,191	$710,879	(69,640)
Valley City State University	(217,974)	354,107	466,441		602,574
North Dakota State University	(716,330)	2,305,373	2,164,246		3,753,289
University of North Dakota	3,544	3,426,959	3,296,596		6,727,099
UND School of Medicine	6,580,445				6,580,445
Total	$4,439,819	$9,108,175	$9,313,597	$710,879	$23,572,470

[3] The following adjustments are made to institution other funds appropriations and FTE positions:

	FTE Positions Adjustment	Salary Increase	Health Insurance Increase	Other Adjustments	Total
Bismarck State College	(34.42)	$684,881	$793,112	($6,219,947)	($4,741,954)
Lake Region State College	(11.51)	240,968	297,550	238,878	777,396
Williston State College	(0.27)	244,194	249,961	(1,067,630)	(573,475)
University of North Dakota	(85.90)	6,998,168	6,588,173	(60,997)	13,525,344
UND School of Medicine	49.57	1,554,668	1,318,041	1,895,615	4,768,324
North Dakota State University	(25.50)	5,703,094	6,069,593	(6,312,543)	5,460,144
State College of Science	(34.31)	557,546	742,674	1,060,503	2,360,723
Dickinson State University	44.36	339,891	408,144	(29,905)	718,130
Mayville State University	(1.26)	382,722	621,084	69,194	1,073,000
Minot State University	(34.07)	832,505	1,032,444	(700,085)	1,164,864
Valley City State University	(22.07)	257,239	340,031	(3,209,214)	(2,611,944)
Dakota College at Bottineau	(2.01)	94,244	147,723	524,901	766,868
Total	(157.39)	$17,890,120	$18,608,530	($13,811,230)	$22,687,420

[4] Funding of $4,507,252 from the general fund is added to continue funding 35 residency positions at the University of North Dakota School of Medicine and Health Sciences. Funding for the residency positions provided through the

funding formula is transferred to the healthcare workforce initiative line item from the operations line item to provide total funding of $10,676,150 for the residency program.

[5] One-time funding of $250,000 from the general fund is added for the digitization of documents at the Theodore Roosevelt Center.

[6] One-time funding is added for the following capital building projects:

	Other Funds
LRSC precision agriculture center	$3,000,000
UND athletics High Performance Center phase II	35,000,000
UND Memorial Union (revenue bonds)	80,000,000
NDSU Barry Hall	3,000,000
NDSU indoor practice facility	37,200,000
NDSU softball indoor facility	2,000,000
NDSU University Village phase II (revenue bonds)	37,600,000
Total	$197,800,000

[7] One-time funding, including $10 million from Bank of North Dakota profits, is added as Tier II funding to establish a capital building fund at each institution as follows:

	Bank of North Dakota	1 Percent Tuition Increase	Institution Match	Total
Bismark State College	$425,693	$413,848	$839,541	$1,679,082
Lake Region State College	177,375	136,763	314,138	628,276
Williston State College	137,947	79,959	217,906	435,812
University of North Dakota	4,361,801	3,334,928	7,696,729	15,393,458
North Dakota State University	2,899,596	3,301,310	6,200,906	12,401,812
State College of Science	500,695	268,296	768,991	1,537,982
Dickinson State University	268,862	209,959	478,821	957,642
Mayville State University	240,029	176,887	416,916	833,832
Minot State University	572,801	448,613	1,021,414	2,042,828
Valley City State University	309,137	205,206	514,343	1,028,686
Dakota College at Bottineau	106,064	72,786	178,850	357,700
Total	$10,000,000	$8,648,555	$18,648,555	$37,297,110

[8] The following funding adjustments are made for the Forest Service:

Forest Service

	FTE Positions	General Fund	Other Funds	Total
Base payroll changes			$14,652	$14,652
Salary increase		$94,921		94,921
Health insurance increase		120,476		120,476
Total	0.00	$215,397	$14,652	$230,049

House Bill No. 1003 - Other Changes - House Action

This amendment also:

- Restores language in Title 15 of the North Dakota Century Code, relating to the Midwestern Higher Education Compact.
- Amends Section 15-10-49 to include Dickinson State University as an eligible institution for the higher education challenge grant program.
- Adds 3 new subsections to section 15-10-63, relating to capital project authorization.
- Amends Section 15-18.2-02 to transition funding for residency positions and the University of North Dakota School of Medicine and Health Sciences to a separate line item outside of the formula.
- Amends Section 15-18.2-06 to continue the hold harmless clause of the higher education funding formula.
- Amends Section 15-62.4-03 relating to the student financial assistance program to increase the maximum annual award from $1,950 to $2,200.
- Repeals Section 15-10-61 relating to the dual-credit instructor assistance pilot program.
- Adds a section to provide for a portion of the funding formula allocation attributable to inflation to be transferred between the University of North Dakota and the University of North Dakota School of Medicine and Health

Sciences.

- Adds a section to authorize the State Board of Higher Education to issue and sell revenue bonds for capital projects.
- Adds sections to provide requirements relating to Tier II and Tier III capital building fund moneys.
- Adds a section to provide for tuition increase limits.

19.0191.01004
Title.02000

Fiscal No. 2

Prepared by the Legislative Council staff for
the House Appropriations - Education and
Environment Division Committee
February 8, 2019

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1003

Page 1, line 2, after the semicolon insert "to create and enact a new chapter to title 15 and three new subsections to section 15-10-63 of the North Dakota Century Code, relating to the midwestern higher education compact and capital project authorization;"

Page 1, line 2, replace "section" with "sections 15-10-49, 15-18.2-02, 15-18.2-05, 15-62.4-03, and"

Page 1, line 3, after the first "to" insert "matching grants for institutions under the control of the state board of higher education, state aid to institutions, the student financial assistance grant program, and"

Page 1, line 3, replace "and" with "to repeal section 15-10-61 of the North Dakota Century Code, relating to the dual-credit instructor assistance program; to authorize the state board of higher education to issue and sell bonds for capital projects;"

Page 1, line 3, after "transfer" insert "; to provide for a report; and to declare an emergency"

Page 1, remove lines 14 through 24

Page 2, replace lines 1 through 14 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Capital assets - bond payments	$6,605,326	($1,645,878)	$4,959,448
Competitive research programs	6,027,750	0	6,027,750
System governance	8,163,238	280,095	8,443,333
Title II	1,006,472	(1,006,472)	0
Core technology services	61,527,347	663,122	62,190,469
Student financial assistance grants	21,917,306	2,000,000	23,917,306
Professional student exchange program	3,699,342	0	3,699,342
Academic and technical education scholarships	12,016,749	0	12,016,749
Scholars program	1,807,115	0	1,807,115
Native American scholarship	555,323	0	555,323
Tribally controlled community college grants	600,000	(100,000)	500,000
Education incentive programs	2,863,393	(2,103,393)	760,000
Student mental health	284,400	0	284,400
Veterans' assistance grants	277,875	0	277,875
Shared campus services	500,000	0	500,000
Dual-credit instructor assistance	200,000	(200,000)	0
Education challenge fund	0	2,200,000	2,200,000
Tier III capital building fund pool	0	9,000,000	9,000,000
Total all funds	$128,051,636	$9,087,474	$137,139,110
Less estimated income	26,412,106	2,550,610	28,962,716
Total general fund	$101,639,530	$6,536,864	$108,176,394
Full-time equivalent positions	149.40	(0.50)	148.90"

Page 2, replace lines 17 through 24 with:

DA 3/1
2 of 2

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$101,670,034	($4,447,175)	$97,222,859
Capital assets	1,922,561	0	1,922,561
Capital building fund	0	1,679,082	1,679,082
Total all funds	$103,592,595	($2,768,093)	$100,824,502
Less estimated income	72,991,998	(3,062,872)	69,929,126
Total general fund	$30,600,597	$294,779	$30,895,376
Full-time equivalent positions	358.35	(34.42)	323.93"

Page 2, remove lines 27 through 31

Page 3, replace lines 1 through 3 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$36,449,048	$950,031	$37,399,079
Capital assets	362,667	3,000,000	3,362,667
Capital building fund	0	628,276	628,276
Total all funds	$36,811,715	$4,578,307	$41,390,022
Less estimated income	24,111,092	4,405,672	28,516,764
Total general fund	$12,700,623	$172,635	$12,873,258
Full-time equivalent positions	129.61	(11.51)	118.10"

Page 3, replace lines 6 through 13 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$26,954,133	$1,077,752	$28,031,885
Capital assets	1,261,968	0	1,261,968
Capital building fund	0	435,812	435,812
Total all funds	$28,216,101	$1,513,564	$29,729,665
Less estimated income	19,855,598	(137,663)	19,717,935
Total general fund	$8,360,503	$1,651,227	$10,011,730
Full-time equivalent positions	100.75	(0.27)	100.48"

Page 3, replace lines 16 through 23 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$864,554,974	$20,252,443	$884,807,417
Capital assets	4,411,566	115,000,000	119,411,566
Capital building fund	0	15,393,458	15,393,458
Total all funds	$868,966,540	$150,645,901	$1,019,612,441
Less estimated income	728,870,450	143,918,802	872,789,252
Total general fund	$140,096,090	$6,727,099	$146,823,189
Full-time equivalent positions	2,218.07	(85.90)	2,132.17"

Page 3, remove lines 26 through 31

Page 4, replace lines 1 through 3 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$732,673,267	$9,213,433	$741,886,700
Capital assets	7,799,104	79,800,000	87,599,104

Capital building fund	0	12,401,812	12,401,812
Total all funds	$740,472,371	$101,415,245	$841,887,616
Less estimated income	611,881,329	97,661,956	709,543,285
Total general fund	$128,591,042	$3,753,289	$132,344,331
Full-time equivalent positions	1,895.66	(25.50)	1,870.16"

Page 4, replace lines 6 through 14 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$91,682,610	$3,610,065	$95,292,675
Capital assets	1,012,379	0	1,012,379
Capital building fund	0	1,537,982	1,537,982
Total all funds	$92,694,989	$5,148,047	$97,843,036
Less estimated income	57,605,613	3,898,705	61,504,318
Total general fund	$35,089,376	$1,249,342	$36,338,718
Full-time equivalent positions	345.04	(34.31)	310.73"

Page 4, replace lines 17 through 25 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$47,135,592	$1,203,267	$48,338,859
Capital assets	409,078	0	409,078
Capital building fund	0	957,642	957,642
Theodore Roosevelt digitization	0	250,000	250,000
Total all funds	$47,544,670	$2,410,909	$49,955,579
Less estimated income	29,737,827	1,675,772	31,413,599
Total general fund	$17,806,843	$735,137	$18,541,980
Full-time equivalent positions	168.90	44.36	213.26"

Page 4, remove lines 28 through 31

Page 5, replace lines 1 through 4 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$44,197,761	$3,153,768	$47,351,529
Capital assets	358,992	0	358,992
Capital building fund	0	833,832	833,832
Total all funds	$44,556,753	$3,987,600	$48,544,353
Less estimated income	30,307,148	1,906,832	32,213,980
Total general fund	$14,249,605	$2,080,768	$16,330,373
Full-time equivalent positions	210.53	(1.26)	209.27"

Page 5, replace lines 7 through 14 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$100,710,275	$1,095,224	$101,805,499
Capital assets	1,099,620	0	1,099,620
Capital building fund	0	2,042,828	2,042,828
Total all funds	$101,809,895	$3,138,052	$104,947,947
Less estimated income	62,058,916	3,207,692	65,266,608
Total general fund	$39,750,979	($69,640)	$39,681,339
Full-time equivalent positions	441.65	(34.07)	407.58"

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Page 5, replace lines 17 through 24 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$48,444,336	($2,009,370)	$46,434,966
Capital assets	455,823	0	455,823
Capital building fund	0	1,028,686	1,028,686
Total all funds	$48,900,159	($980,684)	$47,919,475
Less estimated income	28,470,657	(1,583,258)	26,887,399
Total general fund	$20,429,502	$602,574	$21,032,076
Full-time equivalent positions	202.75	(22.07)	180.68"

Page 5, remove lines 27 through 31

Page 6, replace lines 1 through 3 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$17,168,111	$811,683	$17,979,794
Capital assets	114,007	0	114,007
Capital building fund	0	357,700	357,700
Total all funds	$17,282,118	$1,169,383	$18,451,501
Less estimated income	9,629,173	1,124,568	10,753,741
Total general fund	$7,652,945	$44,815	$7,697,760
Full-time equivalent positions	84.30	(2.01)	82.29"

Page 6, replace lines 6 through 13 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$205,926,712	$5,179,871	$211,106,583
Health care workforce initiative	0	10,676,150	10,676,150
Total all funds	$205,926,712	$15,856,021	$221,782,733
Less estimated income	154,078,620	4,768,324	158,846,944
Total general fund	$51,848,092	$11,087,697	$62,935,789
Full-time equivalent positions	435.75	49.57	485.32"

Page 6, replace lines 16 through 23 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$14,958,447	$230,049	$15,188,496
Capital assets	118,728	0	118,728
Total all funds	$15,077,175	$230,049	$15,307,224
Less estimated income	10,650,748	14,652	10,665,400
Total general fund	$4,426,427	$215,397	$4,641,824
Full-time equivalent positions	27.00	0.00	27.00"

Page 6, replace lines 26 through 30 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Grand total general fund	$613,242,154	$35,081,983	$648,324,137
Grand total special funds	1,866,661,275	260,349,792	2,127,011,067
Grand total all funds	$2,479,903,429	$295,431,775	$2,775,335,204"

Page 7, line 2, after "biennium" insert "and the 2019-21 biennium one-time funding items included in the appropriation in section 1 of this Act"

Page 7, replace lines 4 and 5 with:

"Capital projects - other funds	$168,505,000	$197,800,000
Education challenge grants	2,000,000	2,200,000
Tier II and tier III capital building funds	0	46,297,110
Theodore Roosevelt digitization	0	250,000"

Page 7, replace lines 12 through 14 with:

"Total all funds	$205,843,626	$246,547,110
Total other funds	193,289,000	240,097,110
Total general fund	$12,554,626	$6,450,000

The 2019-21 biennium one-time funding amounts are not a part of the entity's base budget for the 2021-23 biennium. The institutions and entities under the control of the state board of higher education shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021."

Page 9, after line 6, insert:

"**SECTION 3.** A new chapter to title 15 of the North Dakota Century Code is created and enacted as follows:

Midwestern regional higher education compact.

The midwestern regional higher education compact is adopted as follows:

ARTICLE I - PURPOSE

The purpose of the midwestern higher education compact is to provide greater higher education opportunities and services in the midwestern region, with the aim of furthering regional access to, research in, and choice of higher education for the citizens residing in the states that are parties to this compact.

ARTICLE II - THE COMMISSION

1. The compacting states create the midwestern higher education commission, hereinafter called the commission. The commission is a body corporate of each compacting state. The commission has all the responsibilities, powers, and duties set forth in this chapter, including the power to sue and be sued, and any additional powers conferred upon it by subsequent action of the respective legislative assemblies of the compacting states in accordance with the terms of this compact.

2. The commission consists of the following five resident members from each state: the governor or the governor's designee who serves during the tenure of office of the governor; two legislators, one from each house, except for Nebraska, which may appoint two legislators from its legislative assembly, who serve two-year terms and are appointed by the appropriate appointing authority in each house of the legislative assembly; and two other at large members, at least one of whom is to be selected from the field of higher education. The at large members are to be appointed as

provided by the laws of the appointing state. One of the two at large members initially appointed in each state serves a two-year term. The other, and any regularly appointed successor to either at large member, serves a four-year term. All vacancies are to be filled in accordance with the laws of the appointing states. Any commissioner appointed to fill a vacancy serves until the end of the incomplete term.

3. The commission shall select annually, from among its members, a chairman, a vice chairman, and a treasurer.

4. The commission shall appoint an executive director who serves at its pleasure and who is secretary to the commission. The treasurer, the executive director, and other personnel as the commission determines must be bonded in the amounts required by the commission.

5. The commission shall meet at least once each calendar year. The chairman may call additional meetings and upon the request of a majority of the commission members of three or more compacting states, shall call additional meetings. The commission shall give public notice of all meetings. All meetings must be open to the public.

6. Each compacting state represented at any meeting of the commission is entitled to one vote. A majority of the compacting states constitute a quorum for the transaction of business, unless a larger quorum is required by the bylaws of the commission.

ARTICLE III - POWERS AND DUTIES OF THE COMMISSION

1. The commission shall adopt bylaws governing its management and operations.

2. Notwithstanding the laws of any compacting state, the commission shall provide for the personnel policies and programs of the compact in its bylaws.

3. The commission shall submit a budget to the governor and legislative assembly of each compacting state at the time and for the period required by each state. The budget must contain recommendations regarding the amount to be appropriated by each compacting state.

4. The commission shall report annually to the legislative assemblies and governors of the compacting states, to the midwestern governors' conference, and to the midwestern legislative conference of the council of state governments regarding the activities of the commission during the preceding year. The reports must include any recommendations that have been adopted by the commission.

5. The commission may borrow, accept, or contract for the services of personnel from any state or from the United States, or from any subdivision or agency thereof, from any interstate agency, or from any person.

6. The commission may accept for any of its purposes and functions under the compact donations and grants of money, equipment, supplies, materials, and services, conditional or otherwise, from any state or the

United States or from any subdivision or agency thereof, from an interstate agency, or from any person, and may receive, use, and dispose of the same.

7. The commission may enter agreements with any other interstate education organization or agency, with institutions of higher education located in nonmember states, and with any of the various states to provide adequate programs and services in higher education for the citizens of the respective compacting states. After negotiations with interested institutions and interstate organizations or agencies, the commission shall determine the cost of providing the programs and services in higher education for use in these agreements.

8. The commission may establish and maintain offices in one or more of the compacting states.

9. The commission may establish committees and hire staff as necessary to carry out its functions.

10. The commission may provide for actual and necessary expenses for the attendance of its members at official meetings of the commission or of its designated committees.

ARTICLE IV - ACTIVITIES OF THE COMMISSION

1. The commission shall collect data on the long-range effects of the compact on higher education. By the end of the fourth year from the effective date of the compact and every two years thereafter, the commission shall review its accomplishments and make recommendations to the governors and legislative assemblies of the compacting states regarding continuance of the compact.

2. The commission shall study higher education issues that are of particular concern to the midwestern region. The commission also shall study the need for higher education programs and services in the compacting states and the resources for meeting those needs. The commission shall prepare reports, on its research, for presentation to the governors and legislative assemblies of the compacting states, as well as to other interested parties. In conducting the studies, the commission may confer with any national or regional planning body. The commission may draft and recommend to the governors and legislative assemblies of the various compacting states suggested legislation addressing issues in higher education.

3. The commission shall study the need for the provision of adequate programs and services in higher education, such as undergraduate, graduate, or professional student exchanges in the region. If a need for exchange in a field is apparent, the commission may enter agreements with any institution of higher education and with any compacting state to provide programs and services in higher education for the citizens of the respective compacting states. After negotiating with interested institutions and the compacting states, the commission shall determine the cost of providing the programs and services in higher education for use in its agreements. The contracting states shall contribute funds not otherwise provided, as determined by the commission, to carry out the agreements.

The commission may also serve as the administrative and fiscal agent in carrying out agreements for higher education programs and services.

4. The commission shall serve as a clearinghouse for information regarding higher education activities among institutions and agencies.

5. The commission may provide services and research in any other area of regional concern.

ARTICLE V - FINANCE

1. The compacting states will appropriate the amount necessary to finance the general operations of the commission, not otherwise provided for, when authorized by their respective legislative assemblies. The amount must be apportioned equally among the compacting states.

2. The commission may not incur any obligations prior to the passage of appropriations adequate to meet the same; nor may the commission pledge the credit of any of the compacting states, except by and with the authority of the compacting state.

3. The commission shall keep accurate accounts of its receipts and disbursements. The receipts and disbursements of the commission are subject to the audit and accounting procedures established under its bylaws. All receipts and disbursements handled by the commission must be audited yearly by a certified or licensed public accountant and the report of the audit must be included in and become part of the annual report of the commission.

4. The accounts of the commission must be open at any reasonable time for inspection by duly authorized representatives of the compacting states and by persons authorized by the commission.

ARTICLE VI - ELIGIBLE PARTIES AND ENTRY INTO FORCE

1. The states of Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin are eligible to become parties to this compact. Additional states may be eligible if approved by a majority of the compacting states.

2. This compact becomes effective, as to any eligible party state, when its legislative assembly enacts the compact into law.

3. An amendment to the compact becomes effective upon its enactment by the legislative assemblies of all compacting states.

ARTICLE VII - WITHDRAWAL, DEFAULT, AND TERMINATION

1. A compacting state may withdraw from the compact by enacting a statute repealing the compact, but the withdrawal may not become effective until two years after the enactment of such statute. A withdrawing state is liable for any obligation that it incurred on account of its party status, up to the effective date of withdrawal, except that if the withdrawing state has specifically undertaken or committed itself to any performance of an

obligation extending beyond the effective date of withdrawal, it remains liable to the extent of the obligation.

2. If a compacting state at any time defaults in the performance of its obligations, assumed or imposed, in accordance with this compact, all rights, privileges, and benefits conferred by this compact or by agreements made under the compact are suspended from the effective date of the default, as fixed by the commission. The commission shall stipulate the conditions and maximum time for compliance under which the defaulting state may resume its regular status. Unless the default is remedied under the stipulations and within the time period set by the commission, the compact may be terminated with respect to the defaulting state by affirmative vote of a majority of the other member states. A defaulting state may be reinstated by performing all acts and obligations required by the commission.

ARTICLE VIII - SEVERABILITY AND CONSTRUCTION

The provisions of this compact are severable, and if any phrase, clause, sentence, or provision of this compact is declared to be contrary to the constitution of any compacting state or of the United States or its applicability to any person or circumstance is held invalid, the validity of the remainder of the compact and its applicability to any person or circumstance may not be affected. If the compact is found to be contrary to the constitution of any compacting state, the compact remains in full force and effect as to the remaining states and in full force and effect as to the state affected as to all severable matters. The provisions of the compact must be liberally construed to effectuate the purpose of the compact.

Midwestern higher education commission - Terms - Vacancies.

1. The members of the midwestern higher education commission representing this state are:

   a. The governor or the governor's designee.

   b. One member of the senate and one member of the house of representatives, appointed by the chairman of the legislative management.

   c. Two at-large members, one of whom must be knowledgeable about the field of higher education, appointed by the governor.

2. The term of each legislative appointee is two years. One initial at-large member must be appointed for a term of two years and the other for a term of four years. Thereafter, the term of each at-large member is four years.

3. If a member vacates the position to which the member was appointed, the position must be filled for the remainder of the unexpired term in the same manner as that position was filled initially.

SECTION 4. AMENDMENT. Section 15-10-49 of the North Dakota Century Code is amended and reenacted as follows:

15-10-49. Advancement of academics - Matching grants - Two-year and four-year institutions of higher education.

1. a. Subject to legislative appropriations, each biennium during the period beginning July first of each odd-numbered year and ending December thirty-first of each even-numbered year, the state board of higher education shall award one dollar in matching grants for every two dollars raised by the institutional foundations of Bismarck state college, Dakota college at Bottineau, Dickinson state university, Lake Region state college, Mayville state university, Minot state university, North Dakota state college of science, Valley City state university, and Williston state college for projects dedicated exclusively to the advancement of academics.

   b. To be eligible for a matching grant, an institution must demonstrate that:

      (1) Its foundation has raised at least twenty-five thousand dollars in cash or monetary pledges for a qualifying project; and

      (2) The project has been approved by the grant review committee established in section 15-10-51.

   c. The board may award up to two hundred thousand dollars in matching grants to each institution.

2. a. If any available dollars have not been awarded by the board before January first of each odd-numbered year, in accordance with subsection 1, any institution listed in subsection 1 may apply for an additional matching grant.

   b. An application submitted under this subsection must meet the same criteria as an original application.

   c. The board shall consider each application submitted under this subsection in chronological order.

   d. If the remaining dollars are insufficient to provide a matching grant in the amount of one dollar for every two dollars raised by the institutional foundation, the board shall award a lesser amount.

3. The state board of higher education shall retain up to one-quarter of one percent of any grant awarded under this section to assist with administrative expenses incurred in the grant review process.

SECTION 5. A new subsection to section 15-10-63 of the North Dakota Century Code is created and enacted as follows:

Notwithstanding any existing agreements, an institution under the control of the state board of higher education shall obtain approval from the legislative assembly before the institution acquires any additional facility space to be used by the institution for any purpose, if the acquisition would result in additional operating costs to be paid from any source. This subsection does not apply to operating lease agreements that preclude the ownership of the leased facility.

SECTION 6. A new subsection to section 15-10-63 of the North Dakota Century Code is created and enacted as follows:

Notwithstanding any existing agreements, an institution under the control of the state board of higher education shall obtain approval from the legislative assembly before an institution purchases, rents, occupies, or otherwise utilizes a building or any portion of a building for a purpose that directly or indirectly supports or relates to the institution's educational or administrative functions if the building is located more than ten miles from the campus of the institution. This subsection does not apply to buildings utilized by an institution to offer dual-credit courses, buildings utilized by the agricultural experiment station and research extension centers, and buildings utilized by the North Dakota state university extension service. For purposes of this section, "campus" means the campus of the institution under the federal Clery Act [Pub. L. 105-244; 20 U.S.C. 1092(f)].

SECTION 7. A new subsection to section 15-10-63 of the North Dakota Century Code is created and enacted as follows:

An institution that obtains legislative approval to acquire any additional facility space to be used by the institution for any purpose shall establish a maintenance reserve fund of at least three percent of the total construction cost or replacement value, whichever is greater, of the acquired space. The institution's plans for funding the maintenance reserve fund must be included in the request for legislative approval. Maintenance reserve funds must be deposited in an account under the control of the state board of higher education before the acquired space may be occupied, and the funds may be used for maintenance repairs after the total deferred maintenance of the space exceeds thirty percent of its replacement value. The funds may not be used for any other purpose. This subsection does not apply to additional space acquired through the sale of revenue bonds that require by covenant the establishment of maintenance reserve funds.

SECTION 8. AMENDMENT. Section 15-18.2-02 of the North Dakota Century Code is amended and reenacted as follows:

15-18.2-02. Weighted credit-hours - Determination - Instructional program classification factors - Submission to legislative management.

1. In order to determine the weighted credit-hours for each institution under its control, the state board of higher education shall multiply each of an institution's completed credit-hours, as determined under section 15-18.2-01, by an instructional program classification factor, as set forth in this section.

   a. The factors for credits completed in agriculture are:

      (1) 1.9 for lower division credits;

      (2) 3.8 for upper division credits;

      (3) 5.7 for professional level credits; and

      (4) 7.6 for graduate level credits.

   b. The factors for credits completed in architecture are:

(1) 1.8 for lower division credits;

(2) 3.6 for upper division credits;

(3) 5.4 for professional level credits; and

(4) 7.2 for graduate level credits.

c. The factors for credits completed in transportation are:

(1) 1.9 for lower division credits;

(2) 3.8 for upper division credits;

(3) 5.7 for professional level credits; and

(4) 7.6 for graduate level credits.

d. The factors for credits completed in the biological and physical sciences are:

(1) 1.9 for lower division credits;

(2) 3.8 for upper division credits;

(3) 5.7 for professional level credits; and

(4) 7.6 for graduate level credits.

e. The factors for credits completed in business are:

(1) 1.9 for lower division credits;

(2) 3.8 for upper division credits;

(3) 5.7 for professional level credits; and

(4) 7.6 for graduate level credits.

f. The factors for credits completed in education are:

(1) 1.9 for lower division credits;

(2) 3.8 for upper division credits;

(3) 5.7 for professional level credits; and

(4) 7.6 for graduate level credits.

g. The factors for credits completed in engineering are:

(1) 2.5 for lower division credits;

(2) 5.0 for upper division credits;

(3) 7.5 for professional level credits; and

(4) 10.0 for graduate level credits.

h. The factors for credits completed in the health sciences are:

(1) 3.0 for lower division credits;

(2) 6.0 for upper division credits;

(3) 9.0 for professional level credits;

(4) 12.0 for graduate level credits; and

(5) ~~38.0~~34.5 for medical school credits.

i. The factors for credits completed in legal studies are:

(1) 3.5 for lower division credits;

(2) 7.0 for upper division credits;

(3) 10.5 for professional level credits; and

(4) 14.0 for graduate level credits.

j. The factors for credits completed in the core disciplines are:

(1) 1.0 for lower division credits;

(2) 2.0 for upper division credits;

(3) 3.0 for professional level credits; and

(4) 4.0 for graduate level credits.

k. The factor for credits completed in career and technical education is 2.0.

l. The factor for completed basic skills credits is 2.3.

2. a. The state board of higher education shall ensure that all delineations in this section reflect the requirements of a nationally recognized and standardized instructional program classification system.

b. Before adopting any changes to the delineations implemented in accordance with this section, the state board of higher education shall present the proposed changes to and receive the approval of the legislative management.

SECTION 9. AMENDMENT. Section 15-18.2-05 of the North Dakota Century Code is amended and reenacted as follows:

15-18.2-05. Base funding - Determination of state aid.

1. Except as provided under subsection 2, in order to determine the state aid payment to which each institution under its control is entitled, the state board of higher education shall multiply the product determined under section 15-18.2-04 by a base amount of:

a. ~~$58.65~~$60.70 in the case of North Dakota state university and the university of North Dakota;

b. ~~$86.95~~$90.48 in the case of Dickinson state university, Mayville state university, Minot state university, and Valley City state university; and

c. ~~$93.03~~$96.52 in the case of Bismarck state college, Dakota college at Bottineau, Lake Region state college, North Dakota state college of science, and Williston state college.

2. An institution is entitled to an amount equal to seventy-five percent of the product determined under subsection 1 for credits completed by students receiving a tuition waiver pursuant to section 54-12-35.

SECTION 10. AMENDMENT. Section 15-62.4-03 of the North Dakota Century Code is amended and reenacted as follows:

15-62.4-03. Student financial assistance program - Grants.

1. The state board of higher education shall provide to each eligible student a financial assistance grant in an amount not exceeding:

   a. ~~Nine hundred seventy five~~One thousand one hundred dollars per semester; or

   b. ~~Six hundred fifty~~Seven hundred thirty-three dollars per quarter.

2. a. A student is not entitled to receive grants under this chapter for more than the equivalent of:

      (1) Eight semesters of full-time enrollment; or

      (2) Twelve quarters of full-time enrollment.

   b. Notwithstanding subdivision a, a student is not entitled to receive a grant under this chapter after the student obtains a baccalaureate degree.

3. The board shall forward grants payable under this chapter directly to the institution in which the student is enrolled."

Page 9, after line 6, insert:

"**SECTION 12. REPEAL.** Section 15-10-61 of the North Dakota Century Code is repealed."

Page 9, line 18, replace "biennium" with "period"

Page 9, line 18, replace "July 1, 2019" with "with the effective date of this Act"

Page 9, replace lines 23 through 31 with:

"**SECTION 15. UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES OPERATIONS.** The operations line item in subdivision 5 of section 1 of this Act includes a funding allocation from the higher education per student credit-hour funding formula attributable to inflation during the biennium beginning July 1, 2019, and ending June 30, 2021. Based on the recommendation of the commissioner of higher education a portion of the allocation may be transferred by the state board of higher education between the university of North Dakota school of medicine and health sciences and the university of North Dakota."

Page 10, line 3, after "assets" insert "and capital building fund"

Page 10, line 17, after the period insert "An institution may not use tier II or tier III capital building fund moneys as matching funds under this section.

SECTION 19. BOND ISSUANCE AUTHORIZATION - PURPOSES. The state board of higher education, in accordance with chapter 15-55, may arrange for the

funding of projects authorized in this section, declared to be in the public interest, through the issuance of self-liquidating, tax-exempt evidences of indebtedness under chapter 15-55, beginning with the effective date of this Act and ending June 30, 2021. Evidences of indebtedness issued pursuant to this section are not a general obligation of the state of North Dakota. Any unexpended balance resulting from the proceeds of the evidences of indebtedness must be placed in a sinking fund to be used for the retirement of indebtedness. The evidences of indebtedness may be issued and the proceeds are appropriated in section 1 of this Act for the following capital projects:

University of North Dakota - memorial union	$80,000,000
North Dakota state university - university village phase II	37,600,000
Total special funds	$117,600,000

SECTION 20. TRANSFER - BANK OF NORTH DAKOTA PROFITS - TIER II CAPITAL BUILDING FUNDS - MATCHING FUNDS. The industrial commission shall transfer to institutions under the control of the state board of higher education a total of $10,000,000, or so much of the sum as may be necessary, from the current earnings and accumulated undivided profits of the Bank of North Dakota during the period beginning with the effective date of this Act, and ending June 30, 2021, as requested by the commissioner of higher education. The capital building fund and estimated income line items in subdivisions 2 through 12 of section 1 of this Act include $10,000,000 from the current earnings and accumulated undivided profits of the Bank of North Dakota and $8,648,555 from a one percent per year increase in tuition as follows:

	Bank of North Dakota	Estimated Tuition Commitment
Bismarck state college	$425,693	$413,848
Lake Region state college	177,375	136,763
Williston state college	137,947	79,959
University of North Dakota	4,361,801	3,334,928
North Dakota state university	2,899,596	3,301,310
North Dakota state college of science	500,695	268,296
Dickinson state university	268,862	209,959
Mayville state university	240,029	176,887
Minot state university	572,801	448,613
Valley City state university	309,137	205,206
Dakota college at Bottineau	106,064	72,786
Total	$10,000,000	$8,648,555

An institution shall provide one dollar of matching funds from operations or other sources for each one dollar from Bank of North Dakota profits and for each one dollar generated from the one percent per year increase in tuition deposited in each institution's capital building fund. An institution may not use extraordinary repairs funding or tier III capital building fund moneys as matching funds under this section.

SECTION 21. TRANSFER - BANK OF NORTH DAKOTA PROFITS - TIER III CAPITAL BUILDING FUND POOL - MATCHING FUNDS. The industrial commission shall transfer to the North Dakota university system office a total of $5,000,000, or so much of the sum as may be necessary, from the current earnings and accumulated undivided profits of the Bank of North Dakota during the period beginning with the effective date of this Act, and ending June 30, 2021, as requested by the commissioner of higher education. The tier III capital building fund pool and estimated income line items in subdivision 1 of section 1 of this Act include $5,000,000 from the current

earnings and accumulated undivided profits of the Bank of North Dakota. The tier III capital building fund pool in subdivision 1 of section 1 of this Act also includes $4,000,000 from the general fund. Funding from the tier III capital building fund pool is to be allocated to each institution as follows:

	Tier III Capital Building Fund
Bismarck state college	$500,000
Lake Region state college	500,000
Williston state college	500,000
University of North Dakota	2,250,000
North Dakota state university	2,250,000
North Dakota state college of science	500,000
Dickinson state university	500,000
Mayville state university	500,000
Minot state university	500,000
Valley City state university	500,000
Dakota college at Bottineau	500,000
Total	$9,000,000

An institution shall provide two dollars of matching funds from operations or other sources for each one dollar from the tier III capital building fund pool. An institution may not use extraordinary repairs funding or tier II capital building fund moneys as matching funds under this section. Any funds transferred to an institution pursuant to this section from the tier III capital building fund pool must be placed in that institution's capital building fund line item.

SECTION 22. CAPITAL BUILDING FUNDS - USES - REPORTS. Subject to state board of higher education approval, each institution in subdivisions 2 through 12 of section 1 of this Act may use moneys from its capital building fund line item for extraordinary repairs and deferred maintenance projects which do not exceed $700,000 and do not increase the square footage of a building. In addition, Lake Region state college is authorized to use up to $3,000,000 from its capital building fund line item for the precision agriculture center project. The North Dakota university system shall report to the legislative management during the 2019-20 interim and to the appropriations committees of the sixty-seventh legislative assembly on the use of funding in each institutions' capital building fund line item, the source of matching funds, and each institutions' five-year plan for capital construction spending.

SECTION 23. TUITION RATE INCREASE LIMITATION - BUDGET SECTION APPROVAL.

1. Except as provided in this section, notwithstanding any other provision of law, the state board of higher education may not increase tuition rates for resident students attending institutions of higher education under its control during the 2019-20 academic year by more than three percent as compared to the tuition rate in effect during the 2019 spring semester unless the board receives prior budget section approval. Before approving or denying the request, the budget section shall consider the effect the tuition rate increase will have on current and prospective students, tuition rates at comparable institutions in neighboring states, and the institution's planned use of additional tuition revenue.

2. Except as provided in this section, notwithstanding any other provision of law, the state board of higher education may not increase tuition rates for

resident students attending institutions of higher education under its control during the 2020-21 academic year by more than three percent as compared to the tuition rate in effect during the 2020 spring semester unless the board receives prior budget section approval. Before approving or denying the request, the budget section shall consider the effect the tuition rate increase will have on current and prospective students, tuition rates at comparable institutions in neighboring states, and the institution's planned use of additional tuition revenue.

3. This section does not apply to tuition rates charged for graduate level programs, including programs offered through the university of North Dakota school of medicine and health sciences, the university of North Dakota school of law, or the North Dakota state university school of pharmacy.

4. This section does not apply to tuition rates for nonresident students attending institutions of higher education under the control of the state board of higher education. For purposes of this section, the residency of students for tuition purposes must be determined under section 15-10-19.1.

5. This section does not apply to tuition rates determined under tuition reciprocity agreements entered into by the state board of higher education with other states or state education compacts.

6. For purposes of this section, an institution must calculate a resident tuition rate increase based on the tuition rate paid by an average full-time resident student. The state board of higher education may exclude adjustments to a tuition rate resulting from a change in an institution's method of charging tuition, including the consolidation of existing fees into tuition rates or charging tuition based on a per-credit rate, from tuition rate calculations under this section.

7. The state board of higher education may increase tuition rates for all students attending institutions of higher education under its control during the 2019-20 academic year by an additional one percent as compared to the tuition rate in effect during the 2019 spring semester if the institution has provided matching funds from operations or other sources for each one dollar generated from the one percent increase in tuition, which must be deposited in each institution's capital building fund.

8. The state board of higher education may increase tuition rates for all students attending institutions of higher education under its control during the 2020-21 academic year by an additional one percent as compared to the tuition rate in effect during the 2020 spring semester if the institution has provided matching funds from operations or other sources for each one dollar generated from the one percent increase in tuition, which must be deposited in each institution's capital building fund.

SECTION 24. EMERGENCY. Sections 14, 16, 18, 19, 20, 21, and 22 of this Act and the tier III capital building fund pool, capital assets, and capital building fund line items in section 1 of this Act are declared to be an emergency measure."

Renumber accordingly

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STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1003 - Summary of House Action

	Base Budget	House Changes	House Version
University System Office			
Total all funds	$128,051,636	$9,087,474	$137,139,110
Less estimated income	26,412,106	2,550,610	28,962,716
General fund	$101,639,530	$6,536,864	$108,176,394
FTE	149.40	(0.50)	148.90
Bismarck State College			
Total all funds	$103,592,595	($2,768,093)	$100,824,502
Less estimated income	72,991,998	(3,062,872)	69,929,126
General fund	$30,600,597	$294,779	$30,895,376
FTE	358.35	(34.42)	323.93
Lake Region State College			
Total all funds	$36,811,715	$4,578,307	$41,390,022
Less estimated income	24,111,092	4,405,672	28,516,764
General fund	$12,700,623	$172,635	$12,873,258
FTE	129.61	(11.51)	118.10
Williston State College			
Total all funds	$28,216,101	$1,513,564	$29,729,665
Less estimated income	19,855,598	(137,663)	19,717,935
General fund	$8,360,503	$1,651,227	$10,011,730
FTE	100.75	(0.27)	100.48
University of North Dakota			
Total all funds	$868,966,540	$150,645,901	$1,019,612,441
Less estimated income	728,870,450	143,918,802	872,789,252
General fund	$140,096,090	$6,727,099	$146,823,189
FTE	2,218.07	(85.90)	2,132.17
UND Medical Center			
Total all funds	$205,926,712	$15,856,021	$221,782,733
Less estimated income	154,078,620	4,768,324	158,846,944
General fund	$51,848,092	$11,087,697	$62,935,789
FTE	435.75	49.57	485.32
North Dakota State University			
Total all funds	$740,472,371	$101,415,245	$841,887,616
Less estimated income	611,881,329	97,661,956	709,543,285
General fund	$128,591,042	$3,753,289	$132,344,331
FTE	1,895.66	(25.50)	1,870.16
State College of Science			
Total all funds	$92,694,989	$5,148,047	$97,843,036
Less estimated income	57,605,613	3,898,705	61,504,318
General fund	$35,089,376	$1,249,342	$36,338,718
FTE	345.04	(34.31)	310.73
Dickinson State University			
Total all funds	$47,544,670	$2,410,909	$49,955,579
Less estimated income	29,737,827	1,675,772	31,413,599
General fund	$17,806,843	$735,137	$18,541,980
FTE	168.90	44.36	213.26
Mayville State University			
Total all funds	$44,556,753	$3,987,600	$48,544,353
Less estimated income	30,307,148	1,906,832	32,213,980
General fund	$14,249,605	$2,080,768	$16,330,373

FTE	210.53	(1.26)	209.27
Minot State University			
Total all funds	$101,809,895	$3,138,052	$104,947,947
Less estimated income	62,058,916	3,207,692	65,266,608
General fund	$39,750,979	($69,640)	$39,681,339
FTE	441.65	(34.07)	407.58
Valley City State University			
Total all funds	$48,900,159	($980,684)	$47,919,475
Less estimated income	28,470,657	(1,583,258)	26,887,399
General fund	$20,429,502	$602,574	$21,032,076
FTE	202.75	(22.07)	180.68
Dakota College at Bottineau			
Total all funds	$17,282,118	$1,169,383	$18,451,501
Less estimated income	9,629,173	1,124,568	10,753,741
General fund	$7,652,945	$44,815	$7,697,760
FTE	84.30	(2.01)	82.29
Forest Service			
Total all funds	$15,077,175	$230,049	$15,307,224
Less estimated income	10,650,748	14,652	10,665,400
General fund	$4,426,427	$215,397	$4,641,824
FTE	27.00	0.00	27.00
Bill total			
Total all funds	$2,479,903,429	$295,431,775	$2,775,335,204
Less estimated income	1,866,661,275	260,349,792	2,127,011,067
General fund	$613,242,154	$35,081,983	$648,324,137
FTE	6,767.76	(157.89)	6,609.87

House Bill No. 1003 - North Dakota University System - General Fund Summary

	Base Budget	House Changes	House Version
University System Office	$101,639,530	$6,536,864	$108,176,394
Bismarck State College	30,600,597	294,779	30,895,376
Lake Region State College	12,700,623	172,635	12,873,258
Williston State College	8,360,503	1,651,227	10,011,730
University of North Dakota	140,096,090	6,727,099	146,823,189
UND Medical Center	51,848,092	11,087,697	62,935,789
North Dakota State University	128,591,042	3,753,289	132,344,331
State College of Science	35,089,376	1,249,342	36,338,718
Dickinson State University	17,806,843	735,137	18,541,980
Mayville State University	14,249,605	2,080,768	16,330,373
Minot State University	39,750,979	(69,640)	39,681,339
Valley City State University	20,429,502	602,574	21,032,076
Dakota College at Bottineau	7,652,945	44,815	7,697,760
Forest Service	4,426,427	215,397	4,641,824
Total general fund	$613,242,154	$35,081,983	$648,324,137

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Detail of House Changes to the General Fund

	Adjusts Funding for University System Office[1]	Provides Funding Formula Adjustments[2]	Adjusts Special Funds and FTE Positions[3]	Adds Funding for Residency Program[4]	Adds One-Time Funding for Theodore Roosevelt Digitization[5]	Adds Funding for Capital Projects[6]
University System Office	$6,536,864					
Bismarck State College		$294,779				
Lake Region State College		172,635				
Williston State College		1,651,227				
University of North Dakota		6,727,099				
UND Medical Center		6,580,445		$4,507,252		
North Dakota State University		3,753,289				
State College of Science		1,249,342				
Dickinson State University		485,137			$250,000	
Mayville State University		2,080,768				
Minot State University		(69,640)				
Valley City State University		602,574				
Dakota College at Bottineau		44,815				
Forest Service						
Total general fund	$6,536,864	$23,572,470	$0	$4,507,252	$250,000	$0

	Adds Funding for Capital Building Funds[7]	Adjusts Forest Service Funding[8]	Total the General Fund Changes
University System Office			$6,536,864
Bismarck State College			294,779
Lake Region State College			172,635
Williston State College			1,651,227
University of North Dakota			6,727,099
UND Medical Center			11,087,697
North Dakota State University			3,753,289
State College of Science			1,249,342
Dickinson State University			735,137
Mayville State University			2,080,768
Minot State University			(69,640)
Valley City State University			602,574
Dakota College at Bottineau			44,815
Forest Service		$215,397	215,397
Total general fund	$0	$215,397	$35,081,983

House Bill No. 1003 - North Dakota University System - Other Funds Summary

	Base Budget	House Changes	House Version
University System Office	$26,412,106	$2,550,610	$28,962,716
Bismarck State College	72,991,998	(3,062,872)	69,929,126
Lake Region State College	24,111,092	4,405,672	28,516,764
Williston State College	19,855,598	(137,663)	19,717,935
University of North Dakota	728,870,450	143,918,802	872,789,252
UND Medical Center	154,078,620	4,768,324	158,846,944
North Dakota State University	611,881,329	97,661,956	709,543,285
State College of Science	57,605,613	3,898,705	61,504,318
Dickinson State University	29,737,827	1,675,772	31,413,599
Mayville State University	30,307,148	1,906,832	32,213,980
Minot State University	62,058,916	3,207,692	65,266,608
Valley City State University	28,470,657	(1,583,258)	26,887,399
Dakota College at Bottineau	9,629,173	1,124,568	10,753,741
Forest Service	10,650,748	14,652	10,665,400
Total other funds	$1,866,661,275	$260,349,792	$2,127,011,067

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Detail of House Changes to Other Funds

	Adjusts Funding for University System Office[1]	Provides Funding Formula Adjustments[2]	Adjusts Special Funds and FTE Positions[3]	Adds Funding for Residency Program[4]	Adds One-Time Funding for Theodore Roosevelt Digitization[5]	Adds Funding for Capital Projects[6]
University System Office	$2,550,610					
Bismarck State College			($4,741,954)			
Lake Region State College			777,396			$3,000,000
Williston State College			(573,475)			
University of North Dakota			13,525,344			115,000,000
UND Medical Center			4,768,324			
North Dakota State University			5,460,144			79,800,000
State College of Science			2,360,723			
Dickinson State University			718,130			
Mayville State University			1,073,000			
Minot State University			1,164,864			
Valley City State University			(2,611,944)			
Dakota College at Bottineau			766,868			
Forest Service						
Total other funds	$2,550,610	$0	$22,687,420	$0	$0	$197,800,000

	Adds Funding for Capital Building Funds[7]	Adjusts Forest Service Funding[8]	Total Other Funds Changes
University System Office			$2,550,610
Bismarck State College	$1,679,082		(3,062,872)
Lake Region State College	628,276		4,405,672
Williston State College	435,812		(137,663)
University of North Dakota	15,393,458		143,918,802
UND Medical Center			4,768,324
North Dakota State University	12,401,812		97,661,956
State College of Science	1,537,982		3,898,705
Dickinson State University	957,642		1,675,772
Mayville State University	833,832		1,906,832
Minot State University	2,042,828		3,207,692
Valley City State University	1,028,686		(1,583,258)
Dakota College at Bottineau	357,700		1,124,568
Forest Service		$14,652	14,652
Total other funds	$37,297,110	$14,652	$260,349,792

House Bill No. 1003 - North Dakota University System - All Funds Summary

	Base Budget	House Changes	House Version
University System Office	$128,051,636	$9,087,474	$137,139,110
Bismarck State College	103,592,595	(2,768,093)	100,824,502
Lake Region State College	36,811,715	4,578,307	41,390,022
Williston State College	28,216,101	1,513,564	29,729,665
University of North Dakota	868,966,540	150,645,901	1,019,612,441
UND Medical Center	205,926,712	15,856,021	221,782,733
North Dakota State University	740,472,371	101,415,245	841,887,616
State College of Science	92,694,989	5,148,047	97,843,036
Dickinson State University	47,544,670	2,410,909	49,955,579
Mayville State University	44,556,753	3,987,600	48,544,353
Minot State University	101,809,895	3,138,052	104,947,947
Valley City State University	48,900,159	(980,684)	47,919,475
Dakota College at Bottineau	17,282,118	1,169,383	18,451,501
Forest Service	15,077,175	230,049	15,307,224
Total all funds	$2,479,903,429	$295,431,775	$2,775,335,204
FTE	6,767.76	(157.89)	6,609.87

Detail of House Changes to All Funds

	Adjusts Funding for University System Office[1]	Provides Funding Formula Adjustments[2]	Adjusts Special Funds and FTE Positions[3]	Adds Funding for Residency Program[4]	Adds One-Time Funding for Theodore Roosevelt Digitization[5]	Adds Funding for Capital Projects[6]
University System Office	$9,087,474					
Bismarck State College		$294,779	($4,741,954)			
Lake Region State College		172,635	777,396			$3,000,000
Williston State College		1,651,227	(573,475)			
University of North Dakota		6,727,099	13,525,344			115,000,000
UND Medical Center		6,580,445	4,768,324	$4,507,252		
North Dakota State University		3,753,289	5,460,144			79,800,000
State College of Science		1,249,342	2,360,723			
Dickinson State University		485,137	718,130		$250,000	
Mayville State University		2,080,768	1,073,000			
Minot State University		(69,640)	1,164,864			
Valley City State University		602,574	(2,611,944)			
Dakota College at Bottineau		44,815	766,868			
Forest Service						
Total all funds	$9,087,474	$23,572,470	$22,687,420	$4,507,252	$250,000	$197,800,000
FTE	(0.50)	0.00	(157.39)	0.00	0.00	0.00

	Adds Funding for Capital Building Funds[7]	Adjusts Forest Service Funding[8]	Total All Funds Changes
University System Office			$9,087,474
Bismarck State College	$1,679,082		(2,768,093)
Lake Region State College	628,276		4,578,307
Williston State College	435,812		1,513,564
University of North Dakota	15,393,458		150,645,901
UND Medical Center			15,856,021
North Dakota State University	12,401,812		101,415,245
State College of Science	1,537,982		5,148,047
Dickinson State University	957,642		2,410,909
Mayville State University	833,832		3,987,600
Minot State University	2,042,828		3,138,052
Valley City State University	1,028,686		(980,684)
Dakota College at Bottineau	357,700		1,169,383
Forest Service		$230,049	230,049
Total all funds	$37,297,110	$230,049	$295,431,775
FTE	0.00	0.00	(157.89)

[1] Funding for the University System office is adjusted as detailed in the schedules below.

The following schedule details funding adjustments for system governance:

System Governance

	FTE Positions	General Fund	Other Funds	Total
Base payroll changes	(0.50)	$760	($226,935)	($226,175)
Salary increase		174,561	6,969	181,530
Health insurance increase		90,278	4,462	94,740
Restore funding for the Midwestern Higher Education Compact		230,000		230,000
Total	(0.50)	$495,599	($215,504)	$280,095

The following schedule details funding adjustments for Core Technology Services:

Core Technology Services

	General Fund	Other Funds	Total
Base payroll changes	$16	$59	$75
Salary increase	404,597	263,475	668,072
Health insurance increase	320,616	213,796	534,412
Remove funding from the student loan trust fund		(539,437)	(539,437)
Total	$725,229	($62,107)	$663,122

The following schedule details funding adjustments in other line items in the University System office budget:

	Funding Adjustments to Other Line Items			
	Base Level	General Fund Adjustment	Other Funds Adjustment	House Version
Capital bond payments	$6,605,326	($1,645,878)		$4,959,448
Title II	1,006,472		($1,006,472)	0
Student financial assistance grants	21,917,306	2,000,000		$23,917,306
Professional student exchange program	3,699,342	465,307	(465,307)	3,699,342
Tribal college grants	600,000	400,000	(500,000)	500,000
Education incentive programs	2,863,393	(2,103,393)		760,000
Dual-credit instructor assistance	200,000		(200,000)	0
Tier III capital building fund pool		4,000,000	5,000,000	9,000,000
Challenge grants		2,200,000		2,200,000
Total	$36,891,839	$5,316,036	$2,828,221	$45,036,096

[2] The following adjustments are made to institution general fund appropriations through the higher education funding formula:

	Credit Hour Completion Adjustment	Salary Increase	Health Insurance Increase	Hold Harmless Provision	Total Increase
Bismarck State College	($822,345)	$536,167	$580,957		$294,779
Dakota College at Bottineau	(233,523)	110,595	167,743		44,815
Lake Region State College	(292,840)	223,963	241,512		172,635
State College of Science	(64,604)	625,495	688,451		1,249,342
Williston State College	1,289,220	179,354	182,653		1,651,227
Dickinson State University	(228,509)	331,284	382,362		485,137
Mayville State University	1,443,653	293,670	343,445		2,080,768
Minot State University	(2,300,918)	721,208	799,191	$710,879	(69,640)
Valley City State University	(217,974)	354,107	466,441		602,574
North Dakota State University	(716,330)	2,305,373	2,164,246		3,753,289
University of North Dakota	3,544	3,426,959	3,296,596		6,727,099
UND School of Medicine	6,580,445				6,580,445
Total	$4,439,819	$9,108,175	$9,313,597	$710,879	$23,572,470

[3] The following adjustments are made to institution other funds appropriations and FTE positions:

	FTE Positions Adjustment	Salary Increase	Health Insurance Increase	Other Adjustments	Total
Bismarck State College	(34.42)	$684,881	$793,112	($6,219,947)	($4,741,954)
Lake Region State College	(11.51)	240,968	297,550	238,878	777,396
Williston State College	(0.27)	244,194	249,961	(1,067,630)	(573,475)
University of North Dakota	(85.90)	6,998,168	6,588,173	(60,997)	13,525,344
UND School of Medicine	49.57	1,554,668	1,318,041	1,895,615	4,768,324
North Dakota State University	(25.50)	5,703,094	6,069,593	(6,312,543)	5,460,144
State College of Science	(34.31)	557,546	742,674	1,060,503	2,360,723
Dickinson State University	44.36	339,891	408,144	(29,905)	718,130
Mayville State University	(1.26)	382,722	621,084	69,194	1,073,000
Minot State University	(34.07)	832,505	1,032,444	(700,085)	1,164,864
Valley City State University	(22.07)	257,239	340,031	(3,209,214)	(2,611,944)
Dakota College at Bottineau	(2.01)	94,244	147,723	524,901	766,868
Total	(157.39)	$17,890,120	$18,608,530	($13,811,230)	$22,687,420

[4] Funding of $4,507,252 from the general fund is added to continue funding 35 residency positions at the University of North Dakota School of Medicine and Health Sciences. Funding for the residency positions provided through the funding formula is transferred to the healthcare workforce initiative line item from the operations line item to provide total funding of $10,676,150 for the residency program.

[5] One-time funding of $250,000 from the general fund is added for the digitization of documents at the Theodore Roosevelt Center.

[6] One-time funding is added for the following capital building projects:

	Other Funds
LRSC precision agriculture center	$3,000,000
UND athletics High Performance Center phase II	35,000,000
UND Memorial Union (revenue bonds)	80,000,000
NDSU Barry Hall	3,000,000
NDSU indoor practice facility	37,200,000
NDSU softball indoor facility	2,000,000
NDSU University Village phase II (revenue bonds)	37,600,000
Total	$197,800,000

[7] One-time funding, including $10 million from Bank of North Dakota profits, is added as Tier II funding to establish a capital building fund at each institution as follows:

	Bank of North Dakota	1 Percent Tuition Increase	Institution Match	Total
Bismark State College	$425,693	$413,848	$839,541	$1,679,082
Lake Region State College	177,375	136,763	314,138	628,276
Williston State College	137,947	79,959	217,906	435,812
University of North Dakota	4,361,801	3,334,928	7,696,729	15,393,458
North Dakota State University	2,899,596	3,301,310	6,200,906	12,401,812
State College of Science	500,695	268,296	768,991	1,537,982
Dickinson State University	268,862	209,959	478,821	957,642
Mayville State University	240,029	176,887	416,916	833,832
Minot State University	572,801	448,613	1,021,414	2,042,828
Valley City State University	309,137	205,206	514,343	1,028,686
Dakota College at Bottineau	106,064	72,786	178,850	357,700
Total	$10,000,000	$8,648,555	$18,648,555	$37,297,110

[8] The following funding adjustments are made for the Forest Service:

Forest Service

	FTE Positions	General Fund	Other Funds	Total
Base payroll changes			$14,652	$14,652
Salary increase		$94,921		94,921
Health insurance increase		120,476		120,476
Total	0.00	$215,397	$14,652	$230,049

House Bill No. 1003 - Other Changes - House Action

This amendment also:

- Restores language in Title 15 of the North Dakota Century Code, relating to the Midwestern Higher Education Compact.
- Amends Section 15-10-49 to include Dickinson State University as an eligible institution for the higher education challenge grant program.
- Adds 3 new subsections to section 15-10-63, relating to capital project authorization.
- Amends Section 15-18.2-02 to transition funding for residency positions and the University of North Dakota School of Medicine and Health Sciences to a separate line item outside of the formula.
- Amends Section 15-62.4-03 relating to the student financial assistance program to increase the maximum annual award from $1,950 to $2,200.
- Repeals Section 15-10-61 relating to the dual-credit instructor assistance pilot program.
- Adds a section to provide for a portion of the funding formula allocation attributable to inflation to be transferred between the University of North Dakota and the University of North Dakota School of Medicine and Health Sciences.
- Adds a section to authorize the State Board of Higher Education to issue and sell revenue bonds for capital projects.
- Adds sections to provide requirements relating to Tier II and Tier III capital building fund moneys.
- Adds a section to provide for tuition increase limits.

Date: 2/8/2019
Roll Call Vote #: 1

2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1003

House Appropriations - Education and Environment Division Committee

☐ Subcommittee

Amendment LC# or Description: 19.0191.01001 Voice Vote - passed

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Representative Mark Sanford Seconded By Representative Mike Nathe

Representatives	Yes	No	Representatives	Yes	No
Chair David Monson			Representative Tracy Boe		
Vice Chair Jim Schmidt					
Representative Bob Martinson					
Representative Mike Nathe					
Representative Mark Sanford					
Representative Mike Schatz					

Total (Yes) Voice Vote - passed No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent: Motion carries to adopt amendment 19.0191.01001.

Date: 2/8/2019
Roll Call Vote #: 2

2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1003

House Appropriations - Education and Environment Division Committee

☐ Subcommittee

Amendment LC# or Description: Repeal Hold Harmless Section from Amendment 19.0191.01001 Voice Vote - passed

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Representative Mark Sanford Seconded By Representative Bob Martinson

Representatives	Yes	No	Representatives	Yes	No
Chair David Monson			Representative Tracy Boe		
Vice Chair Jim Schmidt					
Representative Bob Martinson					
Representative Mike Nathe					
Representative Mark Sanford					
Representative Mike Schatz					

Total (Yes) Voice Vote - passed No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent: motion carries to further amend and repeal the hold harmless clause from amendment 19.0191.01001.

Date: 2/8/2019
Roll Call Vote #: 3

2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1003

House Appropriations - Education and Environment Division Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☒ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Representative Tracy Boe Seconded By Representative Mike Nathe

Representatives	Yes	No	Representatives	Yes	No
Chair David Monson	X		Representative Tracy Boe	X	
Vice Chair Jim Schmidt	X				
Representative Bob Martinson	X				
Representative Mike Nathe	X				
Representative Mark Sanford	X				
Representative Mike Schatz					

Total (Yes) 6 No 0

Absent 1

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Date: 2/13/2019
Roll Call Vote #: 1

2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1003

House Appropriations Committee

☐ Subcommittee

Amendment LC# or Description: **19.0191.01004**

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By **Representative Sanford** Seconded By **Representative Monson**

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer					
Representative Kempenich					
Representative Anderson			Representative Schobinger		
Representative Beadle			Representative Vigesaa		
Representative Bellew					
Representative Brandenburg					
Representative Howe			Representative Boe		
Representative Kreidt			Representative Holman		
Representative Martinson			Representative Mock		
Representative Meier					
Representative Monson					
Representative Nathe					
Representative J. Nelson					
Representative Sanford					
Representative Schatz					
Representative Schmidt					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

Voice Vote/Motion Carries

Date: 2/13/2019
Roll Call Vote #: 2

2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1003

House Appropriations Committee

☐ Subcommittee

Amendment LC# or Description:

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☒ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐

Motion Made By **Representative Sanford** Seconded By **Representative Monson**

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer		X			
Representative Kempenich	X				
Representative Anderson	X		Representative Schobinger	X	
Representative Beadle	X		Representative Vigesaa	X	
Representative Bellew		X			
Representative Brandenburg	X				
Representative Howe	X		Representative Boe	X	
Representative Kreidt	X		Representative Holman	X	
Representative Martinson	X		Representative Mock	X	
Representative Meier	X				
Representative Monson	X				
Representative Nathe	X				
Representative J. Nelson	X				
Representative Sanford	X				
Representative Schatz	X				
Representative Schmidt	X				

Total (Yes) 19 No 2

Absent 0

Floor Assignment **Representative Sanford**

Motion Carries

REPORT OF STANDING COMMITTEE

HB 1003: Appropriations Committee (Rep. Delzer, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (19 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). HB 1003 was placed on the Sixth order on the calendar.

Page 1, line 2, after the semicolon insert "to create and enact a new chapter to title 15 and three new subsections to section 15-10-63 of the North Dakota Century Code, relating to the midwestern higher education compact and capital project authorization;"

Page 1, line 2, replace "section" with "sections 15-10-49, 15-18.2-02, 15-18.2-05, 15-62.4-03, and"

Page 1, line 3, after the first "to" insert "matching grants for institutions under the control of the state board of higher education, state aid to institutions, the student financial assistance grant program, and"

Page 1, line 3, replace "and" with "to repeal section 15-10-61 of the North Dakota Century Code, relating to the dual-credit instructor assistance program; to authorize the state board of higher education to issue and sell bonds for capital projects;"

Page 1, line 3, after "transfer" insert "; to provide for a report; and to declare an emergency"

Page 1, remove lines 14 through 24

Page 2, replace lines 1 through 14 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Capital assets - bond payments	$6,605,326	($1,645,878)	$4,959,448
Competitive research programs	6,027,750	0	6,027,750
System governance	8,163,238	280,095	8,443,333
Title II	1,006,472	(1,006,472)	0
Core technology services	61,527,347	663,122	62,190,469
Student financial assistance grants	21,917,306	2,000,000	23,917,306
Professional student exchange program	3,699,342	0	3,699,342
Academic and technical education scholarships	12,016,749	0	12,016,749
Scholars program	1,807,115	0	1,807,115
Native American scholarship	555,323	0	555,323
Tribally controlled community college grants	600,000	(100,000)	500,000
Education incentive programs	2,863,393	(2,103,393)	760,000
Student mental health	284,400	0	284,400
Veterans' assistance grants	277,875	0	277,875
Shared campus services	500,000	0	500,000
Dual-credit instructor assistance	200,000	(200,000)	0
Education challenge fund	0	2,200,000	2,200,000
Tier III capital building fund pool	0	9,000,000	9,000,000
Total all funds	$128,051,636	$9,087,474	$137,139,110
Less estimated income	26,412,106	2,550,610	28,962,716
Total general fund	$101,639,530	$6,536,864	$108,176,394
Full-time equivalent positions	149.40	(0.50)	148.90"

Page 2, replace lines 17 through 24 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$101,670,034	($4,447,175)	$97,222,859
Capital assets	1,922,561	0	1,922,561
Capital building fund	0	1,679,082	1,679,082

Total all funds	$103,592,595	($2,768,093)	$100,824,502
Less estimated income	72,991,998	(3,062,872)	69,929,126
Total general fund	$30,600,597	$294,779	$30,895,376
Full-time equivalent positions	358.35	(34.42)	323.93"

Page 2, remove lines 27 through 31

Page 3, replace lines 1 through 3 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$36,449,048	$950,031	$37,399,079
Capital assets	362,667	3,000,000	3,362,667
Capital building fund	0	628,276	628,276
Total all funds	$36,811,715	$4,578,307	$41,390,022
Less estimated income	24,111,092	4,405,672	28,516,764
Total general fund	$12,700,623	$172,635	$12,873,258
Full-time equivalent positions	129.61	(11.51)	118.10"

Page 3, replace lines 6 through 13 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$26,954,133	$1,077,752	$28,031,885
Capital assets	1,261,968	0	1,261,968
Capital building fund	0	435,812	435,812
Total all funds	$28,216,101	$1,513,564	$29,729,665
Less estimated income	19,855,598	(137,663)	19,717,935
Total general fund	$8,360,503	$1,651,227	$10,011,730
Full-time equivalent positions	100.75	(0.27)	100.48"

Page 3, replace lines 16 through 23 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$864,554,974	$20,252,443	$884,807,417
Capital assets	4,411,566	115,000,000	119,411,566
Capital building fund	0	15,393,458	15,393,458
Total all funds	$868,966,540	$150,645,901	$1,019,612,441
Less estimated income	728,870,450	143,918,802	872,789,252
Total general fund	$140,096,090	$6,727,099	$146,823,189
Full-time equivalent positions	2,218.07	(85.90)	2,132.17"

Page 3, remove lines 26 through 31

Page 4, replace lines 1 through 3 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$732,673,267	$9,213,433	$741,886,700
Capital assets	7,799,104	79,800,000	87,599,104
Capital building fund	0	12,401,812	12,401,812
Total all funds	$740,472,371	$101,415,245	$841,887,616
Less estimated income	611,881,329	97,661,956	709,543,285
Total general fund	$128,591,042	$3,753,289	$132,344,331
Full-time equivalent positions	1,895.66	(25.50)	1,870.16"

Page 4, replace lines 6 through 14 with:

"

	Base Level	Adjustments or Enhancements	Appropriation

Operations	$91,682,610	$3,610,065	$95,292,675
Capital assets	1,012,379	0	1,012,379
Capital building fund	0	1,537,982	1,537,982
Total all funds	$92,694,989	$5,148,047	$97,843,036
Less estimated income	57,605,613	3,898,705	61,504,318
Total general fund	$35,089,376	$1,249,342	$36,338,718
Full-time equivalent positions	345.04	(34.31)	310.73"

Page 4, replace lines 17 through 25 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$47,135,592	$1,203,267	$48,338,859
Capital assets	409,078	0	409,078
Capital building fund	0	957,642	957,642
Theodore Roosevelt digitization	0	250,000	250,000
Total all funds	$47,544,670	$2,410,909	$49,955,579
Less estimated income	29,737,827	1,675,772	31,413,599
Total general fund	$17,806,843	$735,137	$18,541,980
Full-time equivalent positions	168.90	44.36	213.26"

Page 4, remove lines 28 through 31

Page 5, replace lines 1 through 4 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$44,197,761	$3,153,768	$47,351,529
Capital assets	358,992	0	358,992
Capital building fund	0	833,832	833,832
Total all funds	$44,556,753	$3,987,600	$48,544,353
Less estimated income	30,307,148	1,906,832	32,213,980
Total general fund	$14,249,605	$2,080,768	$16,330,373
Full-time equivalent positions	210.53	(1.26)	209.27"

Page 5, replace lines 7 through 14 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$100,710,275	$1,095,224	$101,805,499
Capital assets	1,099,620	0	1,099,620
Capital building fund	0	2,042,828	2,042,828
Total all funds	$101,809,895	$3,138,052	$104,947,947
Less estimated income	62,058,916	3,207,692	65,266,608
Total general fund	$39,750,979	($69,640)	$39,681,339
Full-time equivalent positions	441.65	(34.07)	407.58"

Page 5, replace lines 17 through 24 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$48,444,336	($2,009,370)	$46,434,966
Capital assets	455,823	0	455,823
Capital building fund	0	1,028,686	1,028,686
Total all funds	$48,900,159	($980,684)	$47,919,475
Less estimated income	28,470,657	(1,583,258)	26,887,399
Total general fund	$20,429,502	$602,574	$21,032,076
Full-time equivalent positions	202.75	(22.07)	180.68"

Page 5, remove lines 27 through 31

Page 6, replace lines 1 through 3 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$17,168,111	$811,683	$17,979,794
Capital assets	114,007	0	114,007
Capital building fund	0	357,700	357,700
Total all funds	$17,282,118	$1,169,383	$18,451,501
Less estimated income	9,629,173	1,124,568	10,753,741
Total general fund	$7,652,945	$44,815	$7,697,760
Full-time equivalent positions	84.30	(2.01)	82.29"

Page 6, replace lines 6 through 13 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$205,926,712	$5,179,871	$211,106,583
Health care workforce initiative	0	10,676,150	10,676,150
Total all funds	$205,926,712	$15,856,021	$221,782,733
Less estimated income	154,078,620	4,768,324	158,846,944
Total general fund	$51,848,092	$11,087,697	$62,935,789
Full-time equivalent positions	435.75	49.57	485.32"

Page 6, replace lines 16 through 23 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$14,958,447	$230,049	$15,188,496
Capital assets	118,728	0	118,728
Total all funds	$15,077,175	$230,049	$15,307,224
Less estimated income	10,650,748	14,652	10,665,400
Total general fund	$4,426,427	$215,397	$4,641,824
Full-time equivalent positions	27.00	0.00	27.00"

Page 6, replace lines 26 through 30 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Grand total general fund	$613,242,154	$35,081,983	$648,324,137
Grand total special funds	1,866,661,275	260,349,792	2,127,011,067
Grand total all funds	$2,479,903,429	$295,431,775	$2,775,335,204"

Page 7, line 2, after "biennium" insert "and the 2019-21 biennium one-time funding items included in the appropriation in section 1 of this Act"

Page 7, replace lines 4 and 5 with:

"Capital projects - other funds	$168,505,000	$197,800,000
Education challenge grants	2,000,000	2,200,000
Tier II and tier III capital building funds	0	46,297,110
Theodore Roosevelt digitization	0	250,000"

Page 7, replace lines 12 through 14 with:

"Total all funds	$205,843,626	$246,547,110
Total other funds	193,289,000	240,097,110
Total general fund	$12,554,626	$6,450,000

The 2019-21 biennium one-time funding amounts are not a part of the entity's base budget for the 2021-23 biennium. The institutions and entities under the control of the state board of higher education shall report to the appropriations committees

of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021."

Page 9, after line 6, insert:

"**SECTION 3.** A new chapter to title 15 of the North Dakota Century Code is created and enacted as follows:

Midwestern regional higher education compact.

The midwestern regional higher education compact is adopted as follows:

ARTICLE I - PURPOSE

The purpose of the midwestern higher education compact is to provide greater higher education opportunities and services in the midwestern region, with the aim of furthering regional access to, research in, and choice of higher education for the citizens residing in the states that are parties to this compact.

ARTICLE II - THE COMMISSION

1. The compacting states create the midwestern higher education commission, hereinafter called the commission. The commission is a body corporate of each compacting state. The commission has all the responsibilities, powers, and duties set forth in this chapter, including the power to sue and be sued, and any additional powers conferred upon it by subsequent action of the respective legislative assemblies of the compacting states in accordance with the terms of this compact.

2. The commission consists of the following five resident members from each state: the governor or the governor's designee who serves during the tenure of office of the governor; two legislators, one from each house, except for Nebraska, which may appoint two legislators from its legislative assembly, who serve two-year terms and are appointed by the appropriate appointing authority in each house of the legislative assembly; and two other at large members, at least one of whom is to be selected from the field of higher education. The at large members are to be appointed as provided by the laws of the appointing state. One of the two at large members initially appointed in each state serves a two-year term. The other, and any regularly appointed successor to either at large member, serves a four-year term. All vacancies are to be filled in accordance with the laws of the appointing states. Any commissioner appointed to fill a vacancy serves until the end of the incomplete term.

3. The commission shall select annually, from among its members, a chairman, a vice chairman, and a treasurer.

4. The commission shall appoint an executive director who serves at its pleasure and who is secretary to the commission. The treasurer, the executive director, and other personnel as the commission determines must be bonded in the amounts required by the commission.

5. The commission shall meet at least once each calendar year. The chairman may call additional meetings and upon the request of a majority of the commission members of three or more compacting states, shall call additional meetings. The commission shall give public notice of all meetings. All meetings must be open to the public.

6. Each compacting state represented at any meeting of the commission is entitled to one vote. A majority of the compacting states constitute a

quorum for the transaction of business, unless a larger quorum is required by the bylaws of the commission.

ARTICLE III - POWERS AND DUTIES OF THE COMMISSION

1. The commission shall adopt bylaws governing its management and operations.

2. Notwithstanding the laws of any compacting state, the commission shall provide for the personnel policies and programs of the compact in its bylaws.

3. The commission shall submit a budget to the governor and legislative assembly of each compacting state at the time and for the period required by each state. The budget must contain recommendations regarding the amount to be appropriated by each compacting state.

4. The commission shall report annually to the legislative assemblies and governors of the compacting states, to the midwestern governors' conference, and to the midwestern legislative conference of the council of state governments regarding the activities of the commission during the preceding year. The reports must include any recommendations that have been adopted by the commission.

5. The commission may borrow, accept, or contract for the services of personnel from any state or from the United States, or from any subdivision or agency thereof, from any interstate agency, or from any person.

6. The commission may accept for any of its purposes and functions under the compact donations and grants of money, equipment, supplies, materials, and services, conditional or otherwise, from any state or the United States or from any subdivision or agency thereof, from an interstate agency, or from any person, and may receive, use, and dispose of the same.

7. The commission may enter agreements with any other interstate education organization or agency, with institutions of higher education located in nonmember states, and with any of the various states to provide adequate programs and services in higher education for the citizens of the respective compacting states. After negotiations with interested institutions and interstate organizations or agencies, the commission shall determine the cost of providing the programs and services in higher education for use in these agreements.

8. The commission may establish and maintain offices in one or more of the compacting states.

9. The commission may establish committees and hire staff as necessary to carry out its functions.

10. The commission may provide for actual and necessary expenses for the attendance of its members at official meetings of the commission or of its designated committees.

ARTICLE IV - ACTIVITIES OF THE COMMISSION

1. The commission shall collect data on the long-range effects of the compact on higher education. By the end of the fourth year from the effective date of the compact and every two years thereafter, the commission shall review its accomplishments and make

recommendations to the governors and legislative assemblies of the compacting states regarding continuance of the compact.

2. The commission shall study higher education issues that are of particular concern to the midwestern region. The commission also shall study the need for higher education programs and services in the compacting states and the resources for meeting those needs. The commission shall prepare reports, on its research, for presentation to the governors and legislative assemblies of the compacting states, as well as to other interested parties. In conducting the studies, the commission may confer with any national or regional planning body. The commission may draft and recommend to the governors and legislative assemblies of the various compacting states suggested legislation addressing issues in higher education.

3. The commission shall study the need for the provision of adequate programs and services in higher education, such as undergraduate, graduate, or professional student exchanges in the region. If a need for exchange in a field is apparent, the commission may enter agreements with any institution of higher education and with any compacting state to provide programs and services in higher education for the citizens of the respective compacting states. After negotiating with interested institutions and the compacting states, the commission shall determine the cost of providing the programs and services in higher education for use in its agreements. The contracting states shall contribute funds not otherwise provided, as determined by the commission, to carry out the agreements. The commission may also serve as the administrative and fiscal agent in carrying out agreements for higher education programs and services.

4. The commission shall serve as a clearinghouse for information regarding higher education activities among institutions and agencies.

5. The commission may provide services and research in any other area of regional concern.

ARTICLE V - FINANCE

1. The compacting states will appropriate the amount necessary to finance the general operations of the commission, not otherwise provided for, when authorized by their respective legislative assemblies. The amount must be apportioned equally among the compacting states.

2. The commission may not incur any obligations prior to the passage of appropriations adequate to meet the same; nor may the commission pledge the credit of any of the compacting states, except by and with the authority of the compacting state.

3. The commission shall keep accurate accounts of its receipts and disbursements. The receipts and disbursements of the commission are subject to the audit and accounting procedures established under its bylaws. All receipts and disbursements handled by the commission must be audited yearly by a certified or licensed public accountant and the report of the audit must be included in and become part of the annual report of the commission.

4. The accounts of the commission must be open at any reasonable time for inspection by duly authorized representatives of the compacting states and by persons authorized by the commission.

ARTICLE VI - ELIGIBLE PARTIES AND ENTRY INTO FORCE

1. The states of Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin are eligible to become parties to this compact. Additional states may be eligible if approved by a majority of the compacting states.

2. This compact becomes effective, as to any eligible party state, when its legislative assembly enacts the compact into law.

3. An amendment to the compact becomes effective upon its enactment by the legislative assemblies of all compacting states.

ARTICLE VII - WITHDRAWAL, DEFAULT, AND TERMINATION

1. A compacting state may withdraw from the compact by enacting a statute repealing the compact, but the withdrawal may not become effective until two years after the enactment of such statute. A withdrawing state is liable for any obligation that it incurred on account of its party status, up to the effective date of withdrawal, except that if the withdrawing state has specifically undertaken or committed itself to any performance of an obligation extending beyond the effective date of withdrawal, it remains liable to the extent of the obligation.

2. If a compacting state at any time defaults in the performance of its obligations, assumed or imposed, in accordance with this compact, all rights, privileges, and benefits conferred by this compact or by agreements made under the compact are suspended from the effective date of the default, as fixed by the commission. The commission shall stipulate the conditions and maximum time for compliance under which the defaulting state may resume its regular status. Unless the default is remedied under the stipulations and within the time period set by the commission, the compact may be terminated with respect to the defaulting state by affirmative vote of a majority of the other member states. A defaulting state may be reinstated by performing all acts and obligations required by the commission.

ARTICLE VIII - SEVERABILITY AND CONSTRUCTION

The provisions of this compact are severable, and if any phrase, clause, sentence, or provision of this compact is declared to be contrary to the constitution of any compacting state or of the United States or its applicability to any person or circumstance is held invalid, the validity of the remainder of the compact and its applicability to any person or circumstance may not be affected. If the compact is found to be contrary to the constitution of any compacting state, the compact remains in full force and effect as to the remaining states and in full force and effect as to the state affected as to all severable matters. The provisions of the compact must be liberally construed to effectuate the purpose of the compact.

Midwestern higher education commission - Terms - Vacancies.

1. The members of the midwestern higher education commission representing this state are:

   a. The governor or the governor's designee.

   b. One member of the senate and one member of the house of representatives, appointed by the chairman of the legislative management.

   c. Two at-large members, one of whom must be knowledgeable about the field of higher education, appointed by the governor.

2. The term of each legislative appointee is two years. One initial at-large member must be appointed for a term of two years and the other for a term of four years. Thereafter, the term of each at-large member is four years.

3. If a member vacates the position to which the member was appointed, the position must be filled for the remainder of the unexpired term in the same manner as that position was filled initially.

SECTION 4. AMENDMENT. Section 15-10-49 of the North Dakota Century Code is amended and reenacted as follows:

15-10-49. Advancement of academics - Matching grants - Two-year and four-year institutions of higher education.

1. a. Subject to legislative appropriations, each biennium during the period beginning July first of each odd-numbered year and ending December thirty-first of each even-numbered year, the state board of higher education shall award one dollar in matching grants for every two dollars raised by the institutional foundations of Bismarck state college, Dakota college at Bottineau, Dickinson state university, Lake Region state college, Mayville state university, Minot state university, North Dakota state college of science, Valley City state university, and Williston state college for projects dedicated exclusively to the advancement of academics.

   b. To be eligible for a matching grant, an institution must demonstrate that:

      (1) Its foundation has raised at least twenty-five thousand dollars in cash or monetary pledges for a qualifying project; and

      (2) The project has been approved by the grant review committee established in section 15-10-51.

   c. The board may award up to two hundred thousand dollars in matching grants to each institution.

2. a. If any available dollars have not been awarded by the board before January first of each odd-numbered year, in accordance with subsection 1, any institution listed in subsection 1 may apply for an additional matching grant.

   b. An application submitted under this subsection must meet the same criteria as an original application.

   c. The board shall consider each application submitted under this subsection in chronological order.

   d. If the remaining dollars are insufficient to provide a matching grant in the amount of one dollar for every two dollars raised by the institutional foundation, the board shall award a lesser amount.

3. The state board of higher education shall retain up to one-quarter of one percent of any grant awarded under this section to assist with administrative expenses incurred in the grant review process.

SECTION 5. A new subsection to section 15-10-63 of the North Dakota Century Code is created and enacted as follows:

Notwithstanding any existing agreements, an institution under the control of the state board of higher education shall obtain approval from the legislative assembly before the institution acquires any additional facility space to be used by the institution for any purpose, if the acquisition would result in additional operating costs to be paid from any source. This subsection does not apply to operating lease agreements that preclude the ownership of the leased facility.

SECTION 6. A new subsection to section 15-10-63 of the North Dakota Century Code is created and enacted as follows:

Notwithstanding any existing agreements, an institution under the control of the state board of higher education shall obtain approval from the legislative assembly before an institution purchases, rents, occupies, or otherwise utilizes a building or any portion of a building for a purpose that directly or indirectly supports or relates to the institution's educational or administrative functions if the building is located more than ten miles from the campus of the institution. This subsection does not apply to buildings utilized by an institution to offer dual-credit courses, buildings utilized by the agricultural experiment station and research extension centers, and buildings utilized by the North Dakota state university extension service. For purposes of this section, "campus" means the campus of the institution under the federal Clery Act [Pub. L. 105-244; 20 U.S.C. 1092(f)].

SECTION 7. A new subsection to section 15-10-63 of the North Dakota Century Code is created and enacted as follows:

An institution that obtains legislative approval to acquire any additional facility space to be used by the institution for any purpose shall establish a maintenance reserve fund of at least three percent of the total construction cost or replacement value, whichever is greater, of the acquired space. The institution's plans for funding the maintenance reserve fund must be included in the request for legislative approval. Maintenance reserve funds must be deposited in an account under the control of the state board of higher education before the acquired space may be occupied, and the funds may be used for maintenance repairs after the total deferred maintenance of the space exceeds thirty percent of its replacement value. The funds may not be used for any other purpose. This subsection does not apply to additional space acquired through the sale of revenue bonds that require by covenant the establishment of maintenance reserve funds.

SECTION 8. AMENDMENT. Section 15-18.2-02 of the North Dakota Century Code is amended and reenacted as follows:

15-18.2-02. Weighted credit-hours - Determination - Instructional program classification factors - Submission to legislative management.

1. In order to determine the weighted credit-hours for each institution under its control, the state board of higher education shall multiply each of an institution's completed credit-hours, as determined under section 15-18.2-01, by an instructional program classification factor, as set forth in this section.

   a. The factors for credits completed in agriculture are:

      (1) 1.9 for lower division credits;

      (2) 3.8 for upper division credits;

(3) 5.7 for professional level credits; and

(4) 7.6 for graduate level credits.

b. The factors for credits completed in architecture are:

(1) 1.8 for lower division credits;

(2) 3.6 for upper division credits;

(3) 5.4 for professional level credits; and

(4) 7.2 for graduate level credits.

c. The factors for credits completed in transportation are:

(1) 1.9 for lower division credits;

(2) 3.8 for upper division credits;

(3) 5.7 for professional level credits; and

(4) 7.6 for graduate level credits.

d. The factors for credits completed in the biological and physical sciences are:

(1) 1.9 for lower division credits;

(2) 3.8 for upper division credits;

(3) 5.7 for professional level credits; and

(4) 7.6 for graduate level credits.

e. The factors for credits completed in business are:

(1) 1.9 for lower division credits;

(2) 3.8 for upper division credits;

(3) 5.7 for professional level credits; and

(4) 7.6 for graduate level credits.

f. The factors for credits completed in education are:

(1) 1.9 for lower division credits;

(2) 3.8 for upper division credits;

(3) 5.7 for professional level credits; and

(4) 7.6 for graduate level credits.

g. The factors for credits completed in engineering are:

(1) 2.5 for lower division credits;

(2) 5.0 for upper division credits;

(3) 7.5 for professional level credits; and

(4) 10.0 for graduate level credits.

h. The factors for credits completed in the health sciences are:

(1) 3.0 for lower division credits;

(2) 6.0 for upper division credits;

(3) 9.0 for professional level credits;

(4) 12.0 for graduate level credits; and

(5) ~~38.0~~34.5 for medical school credits.

i. The factors for credits completed in legal studies are:

(1) 3.5 for lower division credits;

(2) 7.0 for upper division credits;

(3) 10.5 for professional level credits; and

(4) 14.0 for graduate level credits.

j. The factors for credits completed in the core disciplines are:

(1) 1.0 for lower division credits;

(2) 2.0 for upper division credits;

(3) 3.0 for professional level credits; and

(4) 4.0 for graduate level credits.

k. The factor for credits completed in career and technical education is 2.0.

l. The factor for completed basic skills credits is 2.3.

2. a. The state board of higher education shall ensure that all delineations in this section reflect the requirements of a nationally recognized and standardized instructional program classification system.

b. Before adopting any changes to the delineations implemented in accordance with this section, the state board of higher education shall present the proposed changes to and receive the approval of the legislative management.

SECTION 9. AMENDMENT. Section 15-18.2-05 of the North Dakota Century Code is amended and reenacted as follows:

15-18.2-05. Base funding - Determination of state aid.

1. Except as provided under subsection 2, in order to determine the state aid payment to which each institution under its control is entitled, the state board of higher education shall multiply the product determined under section 15-18.2-04 by a base amount of:

a. ~~$58.65~~$60.70 in the case of North Dakota state university and the university of North Dakota;

b. ~~$86.95~~$90.48 in the case of Dickinson state university, Mayville state university, Minot state university, and Valley City state university; and

c. ~~$93.03~~$96.52 in the case of Bismarck state college, Dakota college at Bottineau, Lake Region state college, North Dakota state college of science, and Williston state college.

2. An institution is entitled to an amount equal to seventy-five percent of the product determined under subsection 1 for credits completed by students receiving a tuition waiver pursuant to section 54-12-35.

SECTION 10. AMENDMENT. Section 15-62.4-03 of the North Dakota Century Code is amended and reenacted as follows:

15-62.4-03. Student financial assistance program - Grants.

1. The state board of higher education shall provide to each eligible student a financial assistance grant in an amount not exceeding:

   a. ~~Nine hundred seventy-five~~One thousand one hundred dollars per semester; or

   b. ~~Six hundred fifty~~Seven hundred thirty-three dollars per quarter.

2. a. A student is not entitled to receive grants under this chapter for more than the equivalent of:

      (1) Eight semesters of full-time enrollment; or

      (2) Twelve quarters of full-time enrollment.

   b. Notwithstanding subdivision a, a student is not entitled to receive a grant under this chapter after the student obtains a baccalaureate degree.

3. The board shall forward grants payable under this chapter directly to the institution in which the student is enrolled."

Page 9, after line 6, insert:

"**SECTION 12. REPEAL.** Section 15-10-61 of the North Dakota Century Code is repealed."

Page 9, line 18, replace "biennium" with "period"

Page 9, line 18, replace "July 1, 2019" with "with the effective date of this Act"

Page 9, replace lines 23 through 31 with:

"**SECTION 15. UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES OPERATIONS.** The operations line item in subdivision 5 of section 1 of this Act includes a funding allocation from the higher education per student credit-hour funding formula attributable to inflation during the biennium beginning July 1, 2019, and ending June 30, 2021. Based on the recommendation of the commissioner of higher education a portion of the allocation may be transferred by the state board of higher education between the university of North Dakota school of medicine and health sciences and the university of North Dakota."

Page 10, line 3, after "assets" insert "and capital building fund"

Page 10, line 17, after the period insert "An institution may not use tier II or tier III capital building fund moneys as matching funds under this section.

SECTION 19. BOND ISSUANCE AUTHORIZATION - PURPOSES. The state board of higher education, in accordance with chapter 15-55, may arrange for the funding of projects authorized in this section, declared to be in the public interest, through the issuance of self-liquidating, tax-exempt evidences of indebtedness under chapter 15-55, beginning with the effective date of this Act and ending June 30, 2021. Evidences of indebtedness issued pursuant to this section are not a general obligation of the state of North Dakota. Any unexpended balance resulting from the proceeds of the evidences of indebtedness must be placed in a sinking fund to be used for the retirement of indebtedness. The evidences of indebtedness may be issued and the proceeds are appropriated in section 1 of this Act for the following capital projects:

University of North Dakota - memorial union	$80,000,000
North Dakota state university - university village phase II	37,600,000
Total special funds	$117,600,000

SECTION 20. TRANSFER - BANK OF NORTH DAKOTA PROFITS - TIER II CAPITAL BUILDING FUNDS - MATCHING FUNDS. The industrial commission shall transfer to institutions under the control of the state board of higher education a total of $10,000,000, or so much of the sum as may be necessary, from the current earnings and accumulated undivided profits of the Bank of North Dakota during the period beginning with the effective date of this Act, and ending June 30, 2021, as requested by the commissioner of higher education. The capital building fund and estimated income line items in subdivisions 2 through 12 of section 1 of this Act include $10,000,000 from the current earnings and accumulated undivided profits of the Bank of North Dakota and $8,648,555 from a one percent per year increase in tuition as follows:

	Bank of North Dakota	Estimated Tuition Commitment
Bismarck state college	$425,693	$413,848
Lake Region state college	177,375	136,763
Williston state college	137,947	79,959
University of North Dakota	4,361,801	3,334,928
North Dakota state university	2,899,596	3,301,310
North Dakota state college of science	500,695	268,296
Dickinson state university	268,862	209,959
Mayville state university	240,029	176,887
Minot state university	572,801	448,613
Valley City state university	309,137	205,206
Dakota college at Bottineau	106,064	72,786
Total	$10,000,000	$8,648,555

An institution shall provide one dollar of matching funds from operations or other sources for each one dollar from Bank of North Dakota profits and for each one dollar generated from the one percent per year increase in tuition deposited in each institution's capital building fund. An institution may not use extraordinary repairs funding or tier III capital building fund moneys as matching funds under this section.

SECTION 21. TRANSFER - BANK OF NORTH DAKOTA PROFITS - TIER III CAPITAL BUILDING FUND POOL - MATCHING FUNDS. The industrial commission shall transfer to the North Dakota university system office a total of $5,000,000, or so much of the sum as may be necessary, from the current earnings and accumulated undivided profits of the Bank of North Dakota during the period beginning with the effective date of this Act, and ending June 30, 2021, as requested by the commissioner of higher education. The tier III capital building fund pool and

estimated income line items in subdivision 1 of section 1 of this Act include $5,000,000 from the current earnings and accumulated undivided profits of the Bank of North Dakota. The tier III capital building fund pool in subdivision 1 of section 1 of this Act also includes $4,000,000 from the general fund. Funding from the tier III capital building fund pool is to be allocated to each institution as follows:

	Tier III Capital Building Fund
Bismarck state college	$500,000
Lake Region state college	500,000
Williston state college	500,000
University of North Dakota	2,250,000
North Dakota state university	2,250,000
North Dakota state college of science	500,000
Dickinson state university	500,000
Mayville state university	500,000
Minot state university	500,000
Valley City state university	500,000
Dakota college at Bottineau	500,000
Total	$9,000,000

An institution shall provide two dollars of matching funds from operations or other sources for each one dollar from the tier III capital building fund pool. An institution may not use extraordinary repairs funding or tier II capital building fund moneys as matching funds under this section. Any funds transferred to an institution pursuant to this section from the tier III capital building fund pool must be placed in that institution's capital building fund line item.

SECTION 22. CAPITAL BUILDING FUNDS - USES - REPORTS. Subject to state board of higher education approval, each institution in subdivisions 2 through 12 of section 1 of this Act may use moneys from its capital building fund line item for extraordinary repairs and deferred maintenance projects which do not exceed $700,000 and do not increase the square footage of a building. In addition, Lake Region state college is authorized to use up to $3,000,000 from its capital building fund line item for the precision agriculture center project. The North Dakota university system shall report to the legislative management during the 2019-20 interim and to the appropriations committees of the sixty-seventh legislative assembly on the use of funding in each institutions' capital building fund line item, the source of matching funds, and each institutions' five-year plan for capital construction spending.

SECTION 23. TUITION RATE INCREASE LIMITATION - BUDGET SECTION APPROVAL.

1. Except as provided in this section, notwithstanding any other provision of law, the state board of higher education may not increase tuition rates for resident students attending institutions of higher education under its control during the 2019-20 academic year by more than three percent as compared to the tuition rate in effect during the 2019 spring semester unless the board receives prior budget section approval. Before approving or denying the request, the budget section shall consider the effect the tuition rate increase will have on current and prospective students, tuition rates at comparable institutions in neighboring states, and the institution's planned use of additional tuition revenue.

2. Except as provided in this section, notwithstanding any other provision of law, the state board of higher education may not increase tuition rates for resident students attending institutions of higher education under its control during the 2020-21 academic year by more than three percent as compared to the tuition rate in effect during the 2020 spring semester unless the board receives prior budget section approval. Before approving or denying the request, the budget section shall consider the

effect the tuition rate increase will have on current and prospective students, tuition rates at comparable institutions in neighboring states, and the institution's planned use of additional tuition revenue.

3. This section does not apply to tuition rates charged for graduate level programs, including programs offered through the university of North Dakota school of medicine and health sciences, the university of North Dakota school of law, or the North Dakota state university school of pharmacy.

4. This section does not apply to tuition rates for nonresident students attending institutions of higher education under the control of the state board of higher education. For purposes of this section, the residency of students for tuition purposes must be determined under section 15-10-19.1.

5. This section does not apply to tuition rates determined under tuition reciprocity agreements entered into by the state board of higher education with other states or state education compacts.

6. For purposes of this section, an institution must calculate a resident tuition rate increase based on the tuition rate paid by an average full-time resident student. The state board of higher education may exclude adjustments to a tuition rate resulting from a change in an institution's method of charging tuition, including the consolidation of existing fees into tuition rates or charging tuition based on a per-credit rate, from tuition rate calculations under this section.

7. The state board of higher education may increase tuition rates for all students attending institutions of higher education under its control during the 2019-20 academic year by an additional one percent as compared to the tuition rate in effect during the 2019 spring semester if the institution has provided matching funds from operations or other sources for each one dollar generated from the one percent increase in tuition, which must be deposited in each institution's capital building fund.

8. The state board of higher education may increase tuition rates for all students attending institutions of higher education under its control during the 2020-21 academic year by an additional one percent as compared to the tuition rate in effect during the 2020 spring semester if the institution has provided matching funds from operations or other sources for each one dollar generated from the one percent increase in tuition, which must be deposited in each institution's capital building fund.

SECTION 24. EMERGENCY. Sections 14, 16, 18, 19, 20, 21, and 22 of this Act and the tier III capital building fund pool, capital assets, and capital building fund line items in section 1 of this Act are declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1003 - Summary of House Action

	Base Budget	House Changes	House Version
University System Office			
Total all funds	$128,051,636	$9,087,474	$137,139,110
Less estimated income	26,412,106	2,550,610	28,962,716
General fund	$101,639,530	$6,536,864	$108,176,394
FTE	149.40	(0.50)	148.90
Bismarck State College			

Total all funds	$103,592,595	($2,768,093)	$100,824,502
Less estimated income	72,991,998	(3,062,872)	69,929,126
General fund	$30,600,597	$294,779	$30,895,376
FTE	358.35	(34.42)	323.93
Lake Region State College			
Total all funds	$36,811,715	$4,578,307	$41,390,022
Less estimated income	24,111,092	4,405,672	28,516,764
General fund	$12,700,623	$172,635	$12,873,258
FTE	129.61	(11.51)	118.10
Williston State College			
Total all funds	$28,216,101	$1,513,564	$29,729,665
Less estimated income	19,855,598	(137,663)	19,717,935
General fund	$8,360,503	$1,651,227	$10,011,730
FTE	100.75	(0.27)	100.48
University of North Dakota			
Total all funds	$868,966,540	$150,645,901	$1,019,612,441
Less estimated income	728,870,450	143,918,802	872,789,252
General fund	$140,096,090	$6,727,099	$146,823,189
FTE	2,218.07	(85.90)	2,132.17
UND Medical Center			
Total all funds	$205,926,712	$15,856,021	$221,782,733
Less estimated income	154,078,620	4,768,324	158,846,944
General fund	$51,848,092	$11,087,697	$62,935,789
FTE	435.75	49.57	485.32
North Dakota State University			
Total all funds	$740,472,371	$101,415,245	$841,887,616
Less estimated income	611,881,329	97,661,956	709,543,285
General fund	$128,591,042	$3,753,289	$132,344,331
FTE	1,895.66	(25.50)	1,870.16
State College of Science			
Total all funds	$92,694,989	$5,148,047	$97,843,036
Less estimated income	57,605,613	3,898,705	61,504,318
General fund	$35,089,376	$1,249,342	$36,338,718
FTE	345.04	(34.31)	310.73
Dickinson State University			
Total all funds	$47,544,670	$2,410,909	$49,955,579
Less estimated income	29,737,827	1,675,772	31,413,599
General fund	$17,806,843	$735,137	$18,541,980
FTE	168.90	44.36	213.26
Mayville State University			
Total all funds	$44,556,753	$3,987,600	$48,544,353
Less estimated income	30,307,148	1,906,832	32,213,980
General fund	$14,249,605	$2,080,768	$16,330,373
FTE	210.53	(1.26)	209.27
Minot State University			
Total all funds	$101,809,895	$3,138,052	$104,947,947
Less estimated income	62,058,916	3,207,692	65,266,608
General fund	$39,750,979	($69,640)	$39,681,339
FTE	441.65	(34.07)	407.58
Valley City State University			
Total all funds	$48,900,159	($980,684)	$47,919,475
Less estimated income	28,470,657	(1,583,258)	26,887,399
General fund	$20,429,502	$602,574	$21,032,076
FTE	202.75	(22.07)	180.68
Dakota College at Bottineau			
Total all funds	$17,282,118	$1,169,383	$18,451,501
Less estimated income	9,629,173	1,124,568	10,753,741
General fund	$7,652,945	$44,815	$7,697,760

FTE	84.30	(2.01)	82.29
Forest Service			
Total all funds	$15,077,175	$230,049	$15,307,224
Less estimated income	10,650,748	14,652	10,665,400
General fund	$4,426,427	$215,397	$4,641,824
FTE	27.00	0.00	27.00
Bill total			
Total all funds	$2,479,903,429	$295,431,775	$2,775,335,204
Less estimated income	1,866,661,275	260,349,792	2,127,011,067
General fund	$613,242,154	$35,081,983	$648,324,137
FTE	6,767.76	(157.89)	6,609.87

House Bill No. 1003 - North Dakota University System - General Fund Summary

	Base Budget	House Changes	House Version
University System Office	$101,639,530	$6,536,864	$108,176,394
Bismarck State College	30,600,597	294,779	30,895,376
Lake Region State College	12,700,623	172,635	12,873,258
Williston State College	8,360,503	1,651,227	10,011,730
University of North Dakota	140,096,090	6,727,099	146,823,189
UND Medical Center	51,848,092	11,087,697	62,935,789
North Dakota State University	128,591,042	3,753,289	132,344,331
State College of Science	35,089,376	1,249,342	36,338,718
Dickinson State University	17,806,843	735,137	18,541,980
Mayville State University	14,249,605	2,080,768	16,330,373
Minot State University	39,750,979	(69,640)	39,681,339
Valley City State University	20,429,502	602,574	21,032,076
Dakota College at Bottineau	7,652,945	44,815	7,697,760
Forest Service	4,426,427	215,397	4,641,824
Total general fund	$613,242,154	$35,081,983	$648,324,137

Detail of House Changes to the General Fund

	Adjusts Funding for University System Office[1]	Provides Funding Formula Adjustments[2]	Adjusts Special Funds and FTE Positions[3]	Adds Funding for Residency Program[4]	Adds One-Time Funding for Theodore Roosevelt Digitization[5]	Adds Funding for Capital Projects[6]
University System Office	$6,536,864					
Bismarck State College		$294,779				
Lake Region State College		172,635				
Williston State College		1,651,227				
University of North Dakota		6,727,099				
UND Medical Center		6,580,445		$4,507,252		
North Dakota State University		3,753,289				
State College of Science		1,249,342				
Dickinson State University		485,137			$250,000	
Mayville State University		2,080,768				
Minot State University		(69,640)				
Valley City State University		602,574				
Dakota College at Bottineau		44,815				
Forest Service						
Total general fund	$6,536,864	$23,572,470	$0	$4,507,252	$250,000	$0

	Adds Funding for Capital Building Funds[7]	Adjusts Forest Service Funding[8]	Total the General Fund Changes
University System Office			$6,536,864
Bismarck State College			294,779
Lake Region State College			172,635
Williston State College			1,651,227
University of North Dakota			6,727,099
UND Medical Center			11,087,697
North Dakota State University			3,753,289
State College of Science			1,249,342
Dickinson State University			735,137
Mayville State University			2,080,768
Minot State University			(69,640)
Valley City State University			602,574
Dakota College at Bottineau			44,815
Forest Service		$215,397	215,397
Total general fund	$0	$215,397	$35,081,983

House Bill No. 1003 - North Dakota University System - Other Funds Summary

	Base Budget	House Changes	House Version
University System Office	$26,412,106	$2,550,610	$28,962,716
Bismarck State College	72,991,998	(3,062,872)	69,929,126
Lake Region State College	24,111,092	4,405,672	28,516,764
Williston State College	19,855,598	(137,663)	19,717,935
University of North Dakota	728,870,450	143,918,802	872,789,252
UND Medical Center	154,078,620	4,768,324	158,846,944
North Dakota State University	611,881,329	97,661,956	709,543,285
State College of Science	57,605,613	3,898,705	61,504,318
Dickinson State University	29,737,827	1,675,772	31,413,599
Mayville State University	30,307,148	1,906,832	32,213,980
Minot State University	62,058,916	3,207,692	65,266,608
Valley City State University	28,470,657	(1,583,258)	26,887,399
Dakota College at Bottineau	9,629,173	1,124,568	10,753,741
Forest Service	10,650,748	14,652	10,665,400
Total other funds	$1,866,661,275	$260,349,792	$2,127,011,067

Detail of House Changes to Other Funds

	Adjusts Funding for University System Office[1]	Provides Funding Formula Adjustments[2]	Adjusts Special Funds and FTE Positions[3]	Adds Funding for Residency Program[4]	Adds One-Time Funding for Theodore Roosevelt Digitization[5]	Adds Funding for Capital Projects[6]
University System Office	$2,550,610					
Bismarck State College			($4,741,954)			
Lake Region State College			777,396			$3,000,000
Williston State College			(573,475)			
University of North Dakota			13,525,344			115,000,000
UND Medical Center			4,768,324			
North Dakota State University			5,460,144			79,800,000
State College of Science			2,360,723			
Dickinson State University			718,130			
Mayville State University			1,073,000			
Minot State University			1,164,864			
Valley City State University			(2,611,944)			
Dakota College at Bottineau			766,868			
Forest Service						
Total other funds	$2,550,610	$0	$22,687,420	$0	$0	$197,800,000

	Adds Funding for Capital Building Funds[7]	Adjusts Forest Service Funding[8]	Total Other Funds Changes
University System Office			$2,550,610
Bismarck State College	$1,679,082		(3,062,872)
Lake Region State College	628,276		4,405,672
Williston State College	435,812		(137,663)
University of North Dakota	15,393,458		143,918,802
UND Medical Center			4,768,324
North Dakota State University	12,401,812		97,661,956
State College of Science	1,537,982		3,898,705
Dickinson State University	957,642		1,675,772
Mayville State University	833,832		1,906,832
Minot State University	2,042,828		3,207,692
Valley City State University	1,028,686		(1,583,258)
Dakota College at Bottineau	357,700		1,124,568
Forest Service		$14,652	14,652
Total other funds	$37,297,110	$14,652	$260,349,792

House Bill No. 1003 - North Dakota University System - All Funds Summary

	Base Budget	House Changes	House Version
University System Office	$128,051,636	$9,087,474	$137,139,110
Bismarck State College	103,592,595	(2,768,093)	100,824,502
Lake Region State College	36,811,715	4,578,307	41,390,022
Williston State College	28,216,101	1,513,564	29,729,665
University of North Dakota	868,966,540	150,645,901	1,019,612,441
UND Medical Center	205,926,712	15,856,021	221,782,733
North Dakota State University	740,472,371	101,415,245	841,887,616
State College of Science	92,694,989	5,148,047	97,843,036
Dickinson State University	47,544,670	2,410,909	49,955,579
Mayville State University	44,556,753	3,987,600	48,544,353
Minot State University	101,809,895	3,138,052	104,947,947
Valley City State University	48,900,159	(980,684)	47,919,475
Dakota College at Bottineau	17,282,118	1,169,383	18,451,501
Forest Service	15,077,175	230,049	15,307,224
Total all funds	$2,479,903,429	$295,431,775	$2,775,335,204
FTE	6,767.76	(157.89)	6,609.87

Detail of House Changes to All Funds

	Adjusts Funding for University System Office[1]	Provides Funding Formula Adjustments[2]	Adjusts Special Funds and FTE Positions[3]	Adds Funding for Residency Program[4]	Adds One-Time Funding for Theodore Roosevelt Digitization[5]	Adds Funding for Capital Projects[6]
University System Office	$9,087,474					
Bismarck State College		$294,779	($4,741,954)			
Lake Region State College		172,635	777,396			$3,000,000
Williston State College		1,651,227	(573,475)			
University of North Dakota		6,727,099	13,525,344			115,000,000
UND Medical Center		6,580,445	4,768,324	$4,507,252		
North Dakota State University		3,753,289	5,460,144			79,800,000
State College of Science		1,249,342	2,360,723			
Dickinson State University		485,137	718,130		$250,000	
Mayville State University		2,080,768	1,073,000			
Minot State University		(69,640)	1,164,864			
Valley City State University		602,574	(2,611,944)			
Dakota College at Bottineau		44,815	766,868			
Forest Service						
Total all funds	$9,087,474	$23,572,470	$22,687,420	$4,507,252	$250,000	$197,800,000
FTE	(0.50)	0.00	(157.39)	0.00	0.00	0.00

	Adds Funding for Capital Building Funds[7]	Adjusts Forest Service Funding[8]	Total All Funds Changes
University System Office			$9,087,474
Bismarck State College	$1,679,082		(2,768,093)
Lake Region State College	628,276		4,578,307
Williston State College	435,812		1,513,564
University of North Dakota	15,393,458		150,645,901
UND Medical Center			15,856,021
North Dakota State University	12,401,812		101,415,245
State College of Science	1,537,982		5,148,047
Dickinson State University	957,642		2,410,909
Mayville State University	833,832		3,987,600
Minot State University	2,042,828		3,138,052
Valley City State University	1,028,686		(980,684)
Dakota College at Bottineau	357,700		1,169,383
Forest Service		$230,049	230,049
Total all funds	$37,297,110	$230,049	$295,431,775
FTE	0.00	0.00	(157.89)

[1] Funding for the University System office is adjusted as detailed in the schedules below.

The following schedule details funding adjustments for system governance:

System Governance

	FTE Positions	General Fund	Other Funds	Total
Base payroll changes	(0.50)	$760	($226,935)	($226,175)
Salary increase		174,561	6,969	181,530
Health insurance increase		90,278	4,462	94,740
Restore funding for the Midwestern Higher Education Compact		230,000		230,000
Total	(0.50)	$495,599	($215,504)	$280,095

The following schedule details funding adjustments for Core Technology Services:

Core Technology Services

	General Fund	Other Funds	Total
Base payroll changes	$16	$59	$75
Salary increase	404,597	263,475	668,072
Health insurance increase	320,616	213,796	534,412
Remove funding from the student loan trust fund		(539,437)	(539,437)
Total	$725,229	($62,107)	$663,122

The following schedule details funding adjustments in other line items in the University System office budget:

	Funding Adjustments to Other Line Items			
	Base Level	General Fund Adjustment	Other Funds Adjustment	House Version
Capital bond payments	$6,605,326	($1,645,878)		$4,959,448
Title II	1,006,472		($1,006,472)	0
Student financial assistance grants	21,917,306	2,000,000		$23,917,306
Professional student exchange program	3,699,342	465,307	(465,307)	3,699,342
Tribal college grants	600,000	400,000	(500,000)	500,000
Education incentive programs	2,863,393	(2,103,393)		760,000
Dual-credit instructor assistance	200,000		(200,000)	0
Tier III capital building fund pool		4,000,000	5,000,000	9,000,000
Challenge grants		2,200,000		2,200,000
Total	$36,891,839	$5,316,036	$2,828,221	$45,036,096

[2] The following adjustments are made to institution general fund appropriations through the higher education funding formula:

	Credit Hour Completion Adjustment	Salary Increase	Health Insurance Increase	Hold Harmless Provision	Total Increase
Bismarck State College	($822,345)	$536,167	$580,957		$294,779
Dakota College at Bottineau	(233,523)	110,595	167,743		44,815
Lake Region State College	(292,840)	223,963	241,512		172,635
State College of Science	(64,604)	625,495	688,451		1,249,342
Williston State College	1,289,220	179,354	182,653		1,651,227
Dickinson State University	(228,509)	331,284	382,362		485,137
Mayville State University	1,443,653	293,670	343,445		2,080,768
Minot State University	(2,300,918)	721,208	799,191	$710,879	(69,640)
Valley City State University	(217,974)	354,107	466,441		602,574
North Dakota State University	(716,330)	2,305,373	2,164,246		3,753,289
University of North Dakota	3,544	3,426,959	3,296,596		6,727,099
UND School of Medicine	6,580,445				6,580,445
Total	$4,439,819	$9,108,175	$9,313,597	$710,879	$23,572,470

[3] The following adjustments are made to institution other funds appropriations and FTE positions:

	FTE Positions Adjustment	Salary Increase	Health Insurance Increase	Other Adjustments	Total
Bismarck State College	(34.42)	$684,881	$793,112	($6,219,947)	($4,741,954)
Lake Region State College	(11.51)	240,968	297,550	238,878	777,396
Williston State College	(0.27)	244,194	249,961	(1,067,630)	(573,475)
University of North Dakota	(85.90)	6,998,168	6,588,173	(60,997)	13,525,344
UND School of Medicine	49.57	1,554,668	1,318,041	1,895,615	4,768,324
North Dakota State University	(25.50)	5,703,094	6,069,593	(6,312,543)	5,460,144
State College of Science	(34.31)	557,546	742,674	1,060,503	2,360,723
Dickinson State University	44.36	339,891	408,144	(29,905)	718,130
Mayville State University	(1.26)	382,722	621,084	69,194	1,073,000
Minot State University	(34.07)	832,505	1,032,444	(700,085)	1,164,864
Valley City State University	(22.07)	257,239	340,031	(3,209,214)	(2,611,944)
Dakota College at Bottineau	(2.01)	94,244	147,723	524,901	766,868
Total	(157.39)	$17,890,120	$18,608,530	($13,811,230)	$22,687,420

[4] Funding of $4,507,252 from the general fund is added to continue funding 35 residency positions at the University of North Dakota School of Medicine and Health Sciences. Funding for the residency positions provided through the funding formula is transferred to the healthcare workforce initiative line item from the operations line item to provide total funding of $10,676,150 for the residency program.

[5] One-time funding of $250,000 from the general fund is added for the digitization of documents at the Theodore Roosevelt Center.

[6] One-time funding is added for the following capital building projects:

	Other Funds
LRSC precision agriculture center	$3,000,000
UND athletics High Performance Center phase II	35,000,000
UND Memorial Union (revenue bonds)	80,000,000
NDSU Barry Hall	3,000,000
NDSU indoor practice facility	37,200,000
NDSU softball indoor facility	2,000,000
NDSU University Village phase II (revenue bonds)	37,600,000
Total	$197,800,000

[7] One-time funding, including $10 million from Bank of North Dakota profits, is added as Tier II funding to establish a capital building fund at each institution as follows:

	Bank of North Dakota	1 Percent Tuition Increase	Institution Match	Total
Bismark State College	$425,693	$413,848	$839,541	$1,679,082
Lake Region State College	177,375	136,763	314,138	628,276
Williston State College	137,947	79,959	217,906	435,812
University of North Dakota	4,361,801	3,334,928	7,696,729	15,393,458
North Dakota State University	2,899,596	3,301,310	6,200,906	12,401,812
State College of Science	500,695	268,296	768,991	1,537,982
Dickinson State University	268,862	209,959	478,821	957,642
Mayville State University	240,029	176,887	416,916	833,832
Minot State University	572,801	448,613	1,021,414	2,042,828
Valley City State University	309,137	205,206	514,343	1,028,686
Dakota College at Bottineau	106,064	72,786	178,850	357,700
Total	$10,000,000	$8,648,555	$18,648,555	$37,297,110

[8] The following funding adjustments are made for the Forest Service:

Forest Service

	FTE Positions	General Fund	Other Funds	Total
Base payroll changes			$14,652	$14,652
Salary increase		$94,921		94,921
Health insurance increase		120,476		120,476
Total	0.00	$215,397	$14,652	$230,049

House Bill No. 1003 - Other Changes - House Action

This amendment also:

- Restores language in Title 15 of the North Dakota Century Code, relating to the Midwestern Higher Education Compact.
- Amends Section 15-10-49 to include Dickinson State University as an eligible institution for the higher education challenge grant program.
- Adds 3 new subsections to section 15-10-63, relating to capital project authorization.
- Amends Section 15-18.2-02 to transition funding for residency positions and the University of North Dakota School of Medicine and Health Sciences to a separate line item outside of the formula.
- Amends Section 15-62.4-03 relating to the student financial assistance program to increase the maximum annual award from $1,950 to $2,200.
- Repeals Section 15-10-61 relating to the dual-credit instructor assistance pilot program.
- Adds a section to provide for a portion of the funding formula allocation attributable to inflation to be transferred between the University of North Dakota and the University of North Dakota School of Medicine and Health Sciences.
- Adds a section to authorize the State Board of Higher Education to issue and sell revenue bonds for capital projects.
- Adds sections to provide requirements relating to Tier II and Tier III capital building fund moneys.
- Adds a section to provide for tuition increase limits.

2019 SENATE APPROPRIATIONS

HB 1003

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1003 (NDUS System-wide Overview & Budget Requests)
3/18/2019
JOB # 33843

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Alice Delzer / Marne Johnson

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota university system; to create and enact a new chapter to title 15 and three new subsections to section 15-10-63 of the North Dakota Century Code, relating to the Midwestern higher education compact and capital project authorization; to amend and reenact sections 15-10-49, 15-18.2-02, 15-18.2-05, 15-62.4-03, and 54-44.1-11 of the North Dakota Century Code, relating to matching grants for institutions under the control of the state board of higher education, state aid to institutions, the student financial assistance grant program, and the cancellation of unexpended appropriations; to repeal section 15-10-61 of the North Dakota Century Code, relating to the dual-credit instructor assistance program; to authorize the state board of higher education to issue and sell bonds for capital projects; to provide for a transfer; to provide for report; and to declare an emergency.

Minutes:

01. Testimony of Don Morton(SBHE)
02. Chancellor Mark Hagerott, (NDUS)
03. ND System Facts
04. NDUS Biennial Review 2017-2019
05. NDUS System-wide Overview by Tammy Dolan
06. Birgit Pruess, SBHE, Faculty Advisor
07. Council of College Faculty
08. Jim Stoddard, Project Coordinator (NDVETP)
09. 2017-2019 Required reporting March 18, 2019
10. Jered M. Melville, President, NDSA

Chairman Holmberg: Called the Committee to order on HB 1003. Roll call was taken. All committee members were present. Renae Bloms, OMB; Danielle Foster, Legislative Council and Alex Cronquist, Legislative Council were also present. We will have a full week of hearings. The subcommittee for HB 1003: Chairman Holmberg, Senator Krebsbach and Senator Robinson. The subcommittee for HB1020: Senator Erbele, Chair., Senator Wanzek and Senator Robinson.

(2:00-17:10) Don Morton, Chair of the State Board of Higher Education (SBHE): Testified in favor of HB 1003 and provided **Attachment # 1**, which states the purposes and goals of the Higher Education System.
Research and Commercialization: Eight years ago, Minnesota really accelerated their commercialization, now they are turning out eighteen new startups every year. The private sector wants to do this. Too many times we have patents sitting on the shelf. That doesn't

generate economic development. We as universities, what the best practice has been is to invite the private sector in, look at your patents and decide where we can partner.
Co-op education. Experiential learning, capstone projects and co-op education has a long history in our country. We need to take a look at it. You engage with private sector with co-op education, they sponsor students. Bismarck State has been engaged with one of the leading co-op education facilities. It's a great opportunity to meet workforce needs, it's a great way to get the private sector to help fund public education, it's a win-win for everyone.

Chairman Holmberg: I would suggest if you are talking about the Succession plans that you should really go through some policy committee to discuss whether that is in the education committee. Thank you for bringing that up.

(0.17.40) Senator Mathern: These last items, when do you suggest we do these things?

Don Morton: Now, we are moving ahead with our retreat in June. We have had the private discussion; we haven't had the public discussion.

Chairman Holmberg: One of the challenges is the emails we get, wanting us to weigh in on certain curriculum matters on campuses, and that is kind of awkward, once we start down the road do doing that, when do we stop, and what is the tipping point where finally the Board says let's go to court and see who is supposed to run the campuses. That never works.

Don Morton: As the State Board, we do get a lot of advice, there are certain things that are a campus issue, and it would be very inappropriate for us to get involved. Sometimes we get a lot of emails, and we can tell that it's been orchestrated, but people are interested in stating their opinions.

(20:35) Chancellor Mark Hagerott, NDUS: Testified in favor of HB 1003 and provided **Attachment # 2,** which states The SBHE has expressed significant support for a needs-based budget to fund higher education in North Dakota. He submitted **Attachment # 3,** North Dakota University System Facts and also **Attachment # 4** NDUS Biennial Review – 2017-2019.
(0.24:00) He continued with page 3 of Attachment 2; Strategies and Priorities.
Affordability for working families: we are mindful that American middle class has not had inflation adjusted income since 1979.
Access to rural areas in a big state: we are one of the most stretched out states for education, with 2-hour travel between campuses.
Excellence for Student Success; reaching out to them and making sure we have the right things for them.
System Efficiencies is a huge part of the budget. The Bank of North Dakota, the legislature these are our allies. We do not have big corporate donors.
Research Excellent: we took your feedback, we now have specific metrics for research, we are in battle for researchers. We are mindful of the future; we are in the middle of a massive budget reduction where the question is what are you doing right now.
For the years 2018-2030 we are focusing on the Needs of Students, Faculty/Staff, Business/Industry/Workforce. We are the way to help them prepare for the future.
Impacts by: Digital Revolution, it is of epic scale. All you have to do is look at the news, it is upending social structures and companies. Western North Dakota Resources Development

is a one-time gift to our state. Because of how our state was settled, we are exporting 34%-38% of our young people from the west to the eastern border to go to school. The fiscal environment has been incredibly unstable for research. We don't have the huge donors to help fund us. We have you guys and the Legacy Fund.
The other factor is Changes in Age, Gender & Ethnicity of North Dakota Demographic groups. Not just geographically, but also the tribal demographics. They are a growing population.
The last point is Growth of Knowledge. Science based knowledge which includes continued emphasis on liberal arts. We cannot build modern economies without a world class university system.
He continued with the 2019-21 Strategy and Priorities. These are examples of things going on here. There are mass economic impacts, we are mindful of being a public steward of your resources and the public trust.
(0.32:46) As far as innovation, I've mentioned the polytechnic are nationally tested examples of how you can use general technology, the basic technology, you are not talking about competing with NDSU or UND, practical technology is getting very advanced. Bismarck is demonstrating that. Dual mission in Dickinson and the community there, is to become a national movement, where you can't build as a community college, if you build a liberal arts school you'll have to do both functions in one place. Collaborating numerous examples of how the campuses are coming together organically, there's a couple of examples right there. We are responding to the need to be quicker and more responsive, we are affordable, but South Dakota is coming after our kids. We reconvened a budget finance committee to authorize funds to match the South Dakota poaching plan. Standardization, our priority is Microsoft 365, the Blackboard email systems, also studying our students. By 2030, digital privacy and AI, all this stuff is going to have implications for the students, so we've established a student advisory group on where we should go with this. How do we handle digital privacy and the data of our students? This is hugely important. We are backing away from some of these vendor items and using our own state launched data system.
(0.35.03) And last thing, we are trying to secure our students as much as possible, Higher Ed is second behind the bank as a target for cyber-attacks; collecting the data on your students and researchers. We have an historic agreement with ITD, we fully understand integrating with them, what do we need to do to secure our network, we're in. The next slide (page 5 of Attachment # 2) the percentage of people pursuing degrees by state. North Dakota is number three in the nation of the propensity of young people who want to better themselves. Our population is growing, if we didn't have the university system we have, we would have to build one. We know Pell grant recipients, veterans, first generation college, socioeconomic challenged people, they need mentoring.
Cost savings, these are things we have done. 500 FTEs cut, abolished the golden parachute, these are things you've asked for.
Emerging issues, there are some options we need support for. SB 2039, that is to give scholarships to skilled workforce areas. Biosciences, manufacturing, cyber security, we need money to tool these things up. We've asked for $10 million from the research institutions, we are doing new things. We are one of only three states, that don't have the NSA certification cyber security. We have to get that, that will be one of the priorities here. The US Air Force wants to build an upper Midwest cyber security facility to train airmen from Minot, South Dakota and Grand Forks, but we can't compete for it until we have this certification. That was some of the money we have set aside. The governor has identified

dollars for on-line. What are we doing about the farm kids who want to stay in western North Dakota? We've asked NDSU to study how can we do an ag program on-line. We also have dollars that go to workforce initiative to go to the community colleges that are retooling. We ask your support on that, both Workforce and Research, and privacy protections.

(0.39.53) Senator Robinson: I appreciate your comments and the summary of all the challenges the system faces. I appreciate your comments about South Dakota. We are in a midst of the legislative session, there are any number of bills that the system is tracking, many bills have significant impacts on the university system. In terms of the governance issue, restructuring governance didn't fare well in the House, there is a new effort on the Senate side. I know how stretched the Board of Higher Education is, going through a presidential search. At the end of the day, I think it is safe to say the Board needs some help. In your opinion, is the system able to adapt to the changes that we face, given our present structure?

Chairman Holmberg: You can have a short answer, but this is a different bill that we are talking about.

Chancellor Hagerott: They are adapting. We are modifying internally to establish a subcommittee for research, it really is a different language. We do hope for some more Board members.

Senator Robinson: The proposal to provide additional Board members has been changed in the last couple of weeks, to enable you to have some subcommittees.

(0.43.35) Senator Bekkedahl: You both touched on the need for servicing people where they live, where they are, in western North Dakota. You talked about revising the program approval process for final authorization culminating in the lower level. Some of the history of the programs we've been through, to help out those areas of workforce shortages, but they've been scuttled along the way, relating to the non-duplication of the program, do you have the tools to work around that, do we need some statute changes in order to make sure this duplication issue doesn't rise again, and prevent these programs where they need it?

(0.44.33) Chancellor Hagerott: Those arguments were made between me and the board. I can give you two examples. Bismarck State College wanted to build a cyber-security two-year program, and there were people saying we already have computer science programs in other places. The board powered on through, because it was different. The second one was the masters and teaching, the crisis of k12 teacher shortages, the Board was told there was only one masters of teaching in this school. Give credit to Minot, we need to let everyone lend a hand here, now we have masters of teaching in Dickinson, Valley City and Mayville. Nobody ever invoked what the constitution says. If the students aren't the same, it is not duplication.

Senator Bekkedahl: I think it's important that we train people where they are. The second question, in your campus workforce initiative, do you have funding tied to that? Is there room in that initiative to also do some programs where the junior and senior high school students who live out there, can prepare to work in that oil industry, could take courses to train for that

industry, so that when they graduate, they are already familiar with the industry. Could that type of program be in your workforce initiative?

Chancellor Hagerott: That's exactly why we went forward with this bucket. Not requiring the campus, you tell us in June 2018 what it is going to be, it is a pool of money that would respond like John Richman has been, manufacturing, I need some money for that, the Board would approve that, if it's BakkenU at the campus, they need certificates, they are partnering with Ron Ness, it could go there, it could go to cyber-security programs. It was meant to be responsive to emerging needs.

(0.47.37) Don Morton: The Career Academy Concept across the country is basically a k-12 initiative where k-12 funds it, and the two-year schools cooperate in the teaching. Those juniors in high school can take courses from the two-year school if the two-year school provides the faculty. John Richman is trying to do that in Fargo. The problem is k-12 has not come up with the money. Bismarck has a great one, they take classes at BSC. It's a model that we should be replicating around the state. It starts young, getting young people to realize different pathways to jobs is critical in middle school and high school.

(0.49:20) Tammy Dolan, NDUS: Testified in favor of HB 1003 and submitted **Attachment # 5**, NDUS System-wide Overview, which is also a power point she presented. page 2 – 2019-21 NDUS Needs-Based Budget Request. The main part of the presentation will be going through and comparing what was requested with where we are at now. I want to start with what we requested and why. We have three components in our budget. The first is the funding formula, we asked to sustain the funding formula at its current level, and make some of the adjustments for the production changes. We also did not want any cuts to our budget. Our budget was cut by nearly 19% last biennium, we've adjusted to that, but we did not submit the budget cuts requested by the governor. The third component was salary increases and maintaining the compensation packages, including health insurance and any other benefits. Because of the state budget situation going back to 2015, when the allotment was going on, and the budget cuts thereafter, we haven't been able to give out any state funded salary increases. At the same time, we cut 700 positions since 2015. Those that are left are very deserving of some fair compensation, they had to repurpose and prioritize and scale back everything they do. With that our base budget that we asked for included 4% annual salary increases for all employees of the university system. We also identified $139 million in optional investment opportunities. On page 3 you will see our request as compared to the House recommendation. The House did fully fund the formula production. As far as the salary increase, we had asked for 4% annual increase. Approximately a third of that is from the general fund, a third from tuition, and the last third from other funding sources like grants. The House approved the 2% annual salary increase and fully funded health insurance. They also did not accept some reductions that have been suggested, there was an additional 5% reduction made by the governor's budget, that was restored by the House. We are looking at the base, plus the formula, plus the compensation package.

Chairman Holmberg: There are at least three different proposals floating around, the governor's, you have the 4 and 4, and the Senate has passed a 2 and 3, the House passed a 2 and 2, and on Friday, there was a suggestion that instead of doing percentages the first year; everyone gets $100 a month and no one gets over $200 a month. How does that impact the University System, and other agencies, or would you all be the same?

Tammy Dolan: I'd have to do some analysis to be accurate about that, the good part of that would be ensuring the lower end of the salary ranges would see the majority of that compensation package. We need some compensation increases at the other end of the spectrum as well, particular in the middle level, where the majority of the employees are. We would have to do some analysis about that.

Senator Dever: The University System is on the Preferred Sanford Health plan, but for retirement my contribution is managed by a different entity?

Tammy Dolan: That is correct, we are on the health plan, but we have a separate retirement contribution plan. I think it is based on years of service, I don't have those figures, I can get those for you if you would like that.
She continued with her testimony on page 3, regarding the House Recommendation to NDUS Needs-Based Request – Ongoing.
(0.59.07) The Higher Ed Funding Formula is a statutory funding formula that does provide 100% of the general fund operating fund for the institutions. She continued on page 5 – 2015-17 Completed Student Credit Hour Report Summary. This is performance funding model based on credits completed. There are variations by campus. We noticed a problem in the interim, we realized that we have been calculating this credit completion factor incorrectly. There was a change made in 2015. If the credit completion factor is decreasing because your credits have increased to that level, that there is a 2 year delay in that change. We realized that we had not done that. So when we presented our budget to the House, we had Valley City credit completion factor at 1.4, when it should have been 1.5. They should have gotten credit for about 16,000 more credits. Going back to last time biennium, the Williston credit completion factor should have been 1.8, but we were using 1.7. It's correct, but there was an error last biennium for Williston. You'll see later on that these formula numbers results in an increase of $1.5 million for Valley City next biennium and the correction to Williston would be about $491,000 to make them whole for the current biennium.

(1:04:26) Chairman Holmberg: Are there clouds in the horizon, whenever we do things to hold people harmless, it becomes set in concrete, at the end of the day we have problems, which we have to resolve. Are there any clouds on the horizon on this particular section of the formula when it comes to averaging or going back two years? If so, is there something you are recommending?

Tammy Dolan: One of the best things about the funding formula, there is a delay in the credit hours. That piece we would recommend no change.

Chairman Holmberg: We get criticized for secondary for going back.

Tammy Dolan: Our institutions, when this model was developed, this was one of the factors that they debated. They decided at that time, that relying on the 2 year's prior credit hours, because they were actual and wouldn't present any problems for them. Because there was a little delay, the credits are going up, there wasn't a problem, of having to estimate credits. They didn't have to estimate, and then at some point, reconcile back to actual. This provides a lot of transparency and they are able to know and estimate two years ahead of time that these changes are coming, it gives them more time to plan. For our case I think it works.

Chairman Holmberg: Do you think that the legislature should take another look at the formula and see if it's doing what we all think it is doing?

Tammy Dolan: Absolutely. There is a bill right now that would create a study committee to do just that. It was built on data from almost 10 years ago. It's time to look at that, there are other factors that could be added on, we are very willing and interested at looking at that as well.
(1:07:20) She continued with the 2017-19 Institution Formula Funding – Base Budget (page 6). We would ask that you would fund an increase for $11.1 million. If you look at the UND line, the legislature initiated the healthcare workforce that was aimed at increasing the number of healthcare professionals in the state. We've been asking for one-time money. At your suggestion, we have included, the governor included and the House included an increase of $10.7 million to our base budget for the medical school, because of the health care workforce initiative. Part of that came from the increase in credit production, about $4.5 million used to be funded from the student loan trust fund, that is replaced in the $10.7 million. To go along with that, we are asking for a decrease in the weighing factor for the medical credits, because we help with the funding for the residency program. Those residents do not produce credits. This pulls it out, puts it in a separate line item. The rest of the medical credits would be applied at that reduced rate. That is something we worked with UND, the Medical School, OMB, and our office, and everyone is in agreement, this would take care of that issue, and we wouldn't have to keep coming back to you for that funding.

Chairman Holmberg: We were also part of that movement to keep it at one-time funding. Knowing all along that we were going to build a new medical school.

Tammy Dolan: One more request regarding the formula, for the UND law school, that funding in a separate line item as well. That is an increase in transparency, one for UND, one for medical school, and one for the law school.

Chairman Holmberg: It would not be a tough thing to do, because you would have to give us the general numbers.

Tammy Dolan: Yes, it's an amount that is created through student formulas that just needs to be separated out.

Chairman Holmberg: And the students in the Law School are grad students, they are not teaching undergraduate.

Tammy Dolan: Exactly, you will hear from UND when they come in.
(**1:13:00)** The next item, 2019-21 House Recommendation to Institution GF Needs-Based Budget – Ongoing (page 7). We are about $4.5 million different from the Needs-based budget to the House recommendation, the reason for that dollar amount is the compensation package.

Chairman Holmberg: When it came from the House, it was much greater.

Tammy Dolan: We are very pleased with how our budget looks right now.

Chairman Holmberg: If that number, $4.5 million differential, had been plugged in at a 2% and a 3%, that would reduce that down. That would be interesting to know, in the past there has been vast differences between what the two bodies have said.

Tammy Dolan: Continued on page 8, the System Office budget has its own hearing tomorrow, we do the same compensation package, and end up with the same kind of variance. The House increased grant funding for the need based grant program by $2 million.

(1:16:05) Chairman Holmberg: They earmarked that for need-based not, merit based.

Tammy Dolan: Continued page 10, 2019-21 House Recommendations to Request - Optional Adjustments. Last session, the system had received funding from the student loan trust fund. One was for Connect ND, because the student load trust fund doesn't have any money any more, we were asking for general fund dollars to replace those.

Senator Hogue: You are supporting a study to look at changes to the funding formula. I had the impression that during the interim that you were satisfied with that formulas.

Tammy Dolan: We are satisfied with the formula; we are supportive of the current structure. During the interim, the committee had talked about the factors, the funding rates correct, there was the thought that we could add some additional performance factors with some additional funding, maybe to address first generation students, completion rates, something like that to provide some incentive funding for the institutions. Those are the types of things that we believe would be in there.
The other two items that were funded by the House, are funding for the Professional Student Exchange Program and the Tribal college grants for non-native students attending tribal colleges. The current budget is $600,000; of that $500,000 was coming from the student load trust fund. We asked for that amount to be replaced. The House supplied $400,000 of that. The appropriation for the tribal college grant would be $500,000.

Chairman Holmberg: There are two areas we look at when it comes to the tribal colleges. We have two different budgets, and line items .

Tammy Dolan: There is a scholarship program for native students that is to the Indian Affairs Commission, that is unchanged, the budget level is unchanged, you don't see it on the sheet. The last line, because of the increased scholarship awards, that have been given out with the Academic and CTE scholarship program. More students are qualified, more students are meeting the very stringent criteria, they have earned the scholarship, so we need $2.9 million to ensure that we have $15 million to give out.

(1:23:20) Chairman Holmberg: There is the philosophical argument that the needs-based scholarship is to incentivize those students, but there is research that the merit scholarships also to those folks are going to go anyway.

Tammy Dolan: Continued on page 11, House Recommendation to Request – Optional Adjustments. We requested $5 million for a campus workforce initiative. $10 million for campus research, and $500,000 for digital transformation. Page 12, request for 2 FTE for IT

Security, for cybersecurity issues and threats. Next is Digital Initiative, $5.7 million for NDSU and UND to support existing high-performance computing infrastructure. Last session we were directed to study the structure of Higher Ed. Page 13 continues the SB 2003 Task Force requests.

(1:32:20) Chairman Holmberg: We've had discussions over past years with some of the leadership on the OERs (Online Education Resources) Is that an area that a campus would look at if they wanted to do additional work in that area or is there something else?

Tammy Dolan: Each campus had a different plan how to use that money. That is something they could do. As well as that $5 million pool we asked for.

Chairman Holmberg: But the campuses have matured, when it started is was we need tons of money, we found incentive money for faculty to work on that OER, it was successful on a number of campuses.

Tammy Dolan: It was, however, there is still money in our base budget, you won't see it on here, but we will talk about it at our hearing.

Senator Robinson: The OER has been very successful on the side of reducing costs. The downside is reduced income on the books.

Tammy Dolan: That concluded our optional requests. She continued with page 14 of Attachment # 5 -2019-21 House Recommendation to Request- Other Initiatives. We requested $40 million for the Challenge Grant from legacy funds, the House approved $2.2 million from the general fund. I know you'll hear from the universities about that.

Chairman Holmberg: We have heard from House members who want us to do some heavier lifting.

Tammy Dolan: The current funding is the same level as this biennium. The governor also added funding for the digitization of Theodore Roosevelt documents at DSU. The House approved $250,000 from the general fund. DSU will talk about this, this is funding they have been receiving for the past several biennia. There is a lot more work to do

Chairman Holmberg: Are they about 1/3 done?

(1:37:00) Tammy Dolan: I believe so. Next is the needs based grant, the House added $2 million; this would increase the annual award. A new concept that the House developed, we are in favor of, is a capital building fund. There are several significant issues on campuses related to facilities. I f we have a big issue, we have to come in and get approval from you. This would give us some additional funding, but it would have us establish a capital building funds at each institution, and provide funding; there's a matching requirement, there are three tiers they establish. See page 14, 3 tiers explained on page 14 and 15. The campuses are favorable on the concept. It would allow us to set funds aside, and use it for long range planning. The biggest problem is the match requirements; it is a significant amount of match. We are having difficulty right now, meeting the 2-1 extraordinary repair match with current requirements. As of the last look, seven of the eleven institutions aren't going to be able to

meet the match requirement this biennium. This would add another heavy load. We don't know if we can use the money because we couldn't come up with the match.

Chairman Holmberg: You've given me skepticism, because if a campus is going to set aside some money over the next three biennia so they can do a larger project so they set it aside, and the legislature on occasion, sees a pocket of money someplace, and they take it back.

Tammy Dolan: That is an issue that we talked about, we were hoping if this moves forward that we could get some clarification on that.

(1:40:27) V. Chairman Krebsbach: You have down 1% and 1%, does that mean the 1% continues, or is it an additional 1%?

Tammy Dolan: It is an additional 1%.

Senator Bekkedahl: Could you explain tier II and tier III capital fund? They have the same description under the 1-1 match. Do you go to tier III when tier II is all used up?

Tammy Dolan: We would some clarification on that. Right now the intent was you wouldn't have to do one to get to another. We would want some clarification, and we have some other ideas on that. The other issue the linking the tuition criteria. Besides the large matching requirement, that was another concern of ours. We didn't feel they would want to have to raise the tuition to get to this money. We would like to have some more discussions on that, you might hear from the institutions as well. Page 15 – Capital Building Fund is explained in a lot more detail.

Chairman Holmberg: We have to monitor what the House does.

Tammy Dolan: We've listed all the other bills here that have some sort of building impact. We're monitoring all those too. They are all moving parts, there was discussion to allow linkage between some of those. Each institution will be talking about their capital projects, but we have them listed all in one spot. The top two you have heard about already; they are in SB 2297.

Chairman Holmberg: I point out that this legislature has approved them in the past. The contingency money did not come through, even though the campuses followed the directions we gave them. If there is any discussion about matching, that Valley City did purchasing that land has to be on the table as a match. They've already invested in what the legislature said they should do.

Senator Robinson: One comment I make, we sometimes think it's overwhelming, and we're not making progress; if you look at the 32 projects that are on the board, if we're able to take care of Dunbar and SB 2279, we have a number of other projects, and many of them are small projects, we can make significant progress in short order. We have a number of institutions, and we need several years to move up. If we aren't going to start making progress, we might be retired before we get to that point. This is normal business to be investing in our facilities. I hope we can have some successes here.

Chairman Holmberg: It is also true, that is one of the reasons the House has looked at the tier system, and trying to get some order, rather than just sitting and waiting before we do something, I think there is room for movement.

(1:46:35) Tammy Dolan: You will only see 10 projects on this list. Since the time of our board recommending our budget, we have had a couple of other projects that were brought forward, one is a $80 million deferred maintenance bonding project to piggyback with operational dollars from Bank of North Dakota. Another is a $25 million parking revenue bond, the next project, which has not gone through the board, but was presented in SB 2297, a $20 million ask related to Gamble Hall, there is a donor, if there is a state match involved. You will hear from UND on this. The parking and preferred maintenance is here. The next page 17, is the Special Fund Capital Projects. These are funded through donations or revenue bonds. Page 18, other items for consideration, Section 5, 6, 7 and 23. We would like to work with the subcommittee on this. these are regarding facility space limitations and remove tuition increase caps or add differentiated tuition to exception list.

Senator Sorvaag: Section 7 is the one where it is 3% set aside on construction projects, when we are looking at Dunbar, you'd have to have 3% of the costs for them? Is that the way that is written? Are all these projects 3% short of what's being requested?

Tammy Dolan: That section requires foreign institutions to ask for a new building. They need to establish a reserve for building maintenance in the future. One way to do that would be to get approval for it up front. There could be alternate funding sources. If they could find that money in operations or some other source. It may be difficult, to find some of those monies for matching along the way. It may lead to the situation you are talking about.

Chairman Holmberg: Regarding the bonding bill, we have to at least consider whether we want to weigh in on what happens to old buildings, to buildings that are being replaced. When we went down the road of new medical school, there was a lot of options we talked about. If the legislature two years later is going to complain about what a campus did, at least we should decide if we are going to weigh in. Could that be true?

Tammy Dolan: That could be true. The next few slides, we are required to report on certain areas.

Letters provided to the committee:
Attachment #6 – Birgit Pruess, SBHE, Faculty Advisor
Attachment #7 – North Dakota Council of College Faculties
Attachment #8 – Jim Stoddard, North Dakota Veterans Educational Training Program
Attached #9 – North Dakota University System

(1:56:41) Jerod Melville, President of ND Student Association (NDSA) Testified in favor of HB 1003 and provided **Attachment #10,** which states that NDSA stands unified in our support for sustainable funding for the University System, funding for open educational resources, and the ND challenge fund grant program.

(2:07:45) Chairman Holmberg: What is your major?

Jerod Melville: I studied Business Administration and Political Science at NDSU

Chairman Holmberg: The hearing was closed on HB 1003, regarding the NDUS Overview System.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1003 - UND
3/18/2019
Job # 33853

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Rose Laning / Florence Mayer

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota university system.

Minutes: Attachments # 1 - 11

Legislative Council: Alex Cronquist
OMB: Renae Bloms

Mark Kennedy, President, UND:
University of North Dakota Presentation, **Attachment #1** pages 1-8.
North Dakota Technology Infrastructure, **Attachment #2**.

Jed Shivers, Vice President of Finance & Operations, UND:
We have been working with the law school and incoming Dean, Professor Michael McGinniss. The plan is to create a designated line item for the law school to ensure funding. We just ask to maintain the existing governance structure we have with the law school. We are totally endorsing this idea.

(14:15) DeAnna Carlson Zink, CEO, UND Alumni Association and Foundation:
Comments to the ND Senate Appropriations Committee, **Attachment #3**.
North Dakota Higher Education Challenge Fund, **Attachment #4**.

(18:18) President Kennedy: Continuing Attachment #1 on pages 8-9.

(021:35) Meloney Linder, Vice President for Marketing & Communications, UND:
Pages 9-11 of Attachment #1.

(24:51) President Kennedy: Continuing Attachment #1 pages 11-13.

(28:31) Jed Shivers: Continuing on page 13-15 of Attachment #1.

Also provided: **Attachment #5 -** budget overview. Covered Capital Projects on page 8.
Attachment #6 - Summary of Proposed Action SBHE Meeting.

(35:37) Chairman Holmberg: Is there a concerned on the amount of debt being incurred with these issues? One of the ironies of $80M for student union is that students will be paying that, because its added to cost of education. They take out loans and have more debt than blame the politicians in Bismarck.

Jed Shivers: We have the ability to defray the principle and interest of this debt. I am satisfied that we will be able to do that. With your question, Student President Eric Hanson can talk about the educational process the student went through. A robust process of questioning and answering. Students voted to take on the additional expense because they recognized that replacing the memorial union would require an extensive deferred maintenance itself. That was preferable to keeping an old building going. A new Memorial Union would be a key to the campus. There is a sense of understanding that the qualitative improvement the students will receive will be worth it.

Senator Robinson: Spinning off Chairman Holmberg's question. We have gone through a 19% budget reduction, 700 something in staff. Given the size of your institution and NDSU, a lot of that comes from both your institutions. Is there any concern of taking on this debt and making the payment might have an impact on your ability to bring back the academic side? I don't know what percentage of those faculties and staff that aren't with us anymore came from UND. I would imagine 250-300. We just heard about challenges with the law school. If all of this falls into place, with reduction of footage, and removing buildings; where will you be as institution with deferred maintenance?

Jed Shivers: 249 were affected at UND. We don't make light of it in any way, this is people we're talking about. From a financial perspective, when faced with budget cutbacks the institution has to trim expenses and grow revenue at the same time. That is what we have done during this difficult period. Tuition revenue has grown slightly, grant revenue has grown slightly and we have trimmed $15.7M of salary infringe. That gives us some of the operating room to carry this debt. The purpose of this investment is to improve campus and gain attendance. With that margin, we have mission. That allows us to invigorate academic programs.

Senator Robinson: You're reducing expenses but taking on additional debt. The net gain is not as much as you might think. Without waiting 5 years, are you able to reinvest in the academic side of the institution?

Jed Shivers: Yes. SB 2282 requests Legacy Fund earning to be provided to let us recruit research faculty. Prior to knowing if that bill will be successful, we've worked diligently to gain $9M to recruit 6 big data faculty.

(43:36) Senator Sorvaag: With the P3, you talk about everything you're tearing down and replacing. It doesn't always work. You're doing it with the steam plant. Can you expand a little? How does that work in there? It's not all private sector.

Jed Shivers: I'm not sure I can give you closure. Our desire is to create spaces with potential partners, to develop these areas onto student housing, retail establishments, and student residences. We want to create urban density on campus. Developers take primary risk. We

don't want to involve the state, but use our own dollars. That's our initial goal and we will see if there are takers on that.
Continued on page 9 of Attachment #5, regarding the business school.

(46:53) DeAnna Carlson Zink, CEO, UND Alumni Association and Foundation:
Attachment #7, Comments to the ND Senate Appropriations Committee.
Attachment #8, Together, We Build the Future.

(52:35) Amy Henley, Dean, College of Business and Public Administration, UND:
Continuing on page 16 of Attachment #1.

(55:29) Erik Hanson, UND Student Government President: My time at UND has given me many opportunities. We have a great community, student focused faculty, leadership development, and connection to our community. One thing holding the college of Business and Public Administration back is the lacking infrastructure and technology. Those 2 things are holding us back from the opportunities we're seeking. We don't need just the trade skills, you learn from a classroom, but how we interact and work together. Getting a new building would be instrumental in setting us up for the future to make something that is flexible for what we have. The fact we have Alumni that are passionate and generous with their dollars to invest in this, we hope you would love to match that.

(57:17) DeAnna Carlson Zink: With more than 22,000 alumni from the college of Business and Public Administration, and more than 40% of those staying in ND, the economic impact of this project is monumental. I ask for your strong consideration of a match for this building project.

Chairman Holmberg: Are there members of the public who would like to testify before we continue with UND's testimony?

(1:00:04) Mary Ellen Varvel, UND law school alumni: Testified in opposition to HB 1003 and provided Attachment #9.

Andrew Varvel, UND alumni: Passed out his testimony in opposition of HB 1003, Attachment #10. (He had to leave right away.)

Amy Whitney, Director, Center of Innovation, UND:
Continued on pages 16-17 of Attachment #1. (Red Zone investments)

(1:09:09) Senator Bekkedahl: We don't have an Innovative ND staff out West, but we've had enormous opportunity with the Bakken and great technological advances. We have a SPDC office in Williston that works very hard for us. They seem to play the role of Innovate, since we don't have these facilities. Are we loosing opportunities because of that? Is there any way for Innovate ND to get a person on the ground out West? We are under utilizing the talent we have at the ground level.

Amy Whitney: The three centers are struggling with that same question. We've been talking about how we can do more in the Western part of the state. The innovation centers

are committed and want to be a part of that solution, but we don't have an exact answer yet.

(1:11:35) President Mark Kennedy: Continued with pages 18-21 of Attachment #1. (Green Zone investments.)

Steve Burian, Co-Chair Valley Prosperity Partnership: Testified in support of HB 1003 and suggested amending the substance of SB 2282 into the higher education budget. Attachment #11.

(1:18:33) President Mark Kennedy: This isn't a UND problem; it's a state of ND issue. There will be a big return with additional research. Are we going to invest in research, are we going to invest in universities? If we don't we could sink. If we do, we have the opportunity to swim. We need to continue to invest in student success. Together we can swim in this new economy.

Chairman Holmberg: Recessed the committee on HB 1003.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1003 – UND School of Medicine/Health Science (SMHS)
3/18/2019
Job # 33879

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Rose Laning

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation
ropriation for defraying the expenses of the North Dakota university system.

Minutes: Testimony # 1 - 5

Legislative Council: Alex Cronquist
OMB: Renae Bloms

Chairman Holmberg called the committee to order on HB 1003/ UND School of Medicine & Health Science (SMHS).

Dr. Joshua Wynn, Vice President for Health Affairs, UND
Presentation of UND/School of Medicine - Attached # 1.
Fact Sheet with Q&As – Attached # 2.
Fifth Biennial Report/ 2019 – Attached # 3.
Vital Signs – Attached # 4.

(16:50) **Senator Robinson**: What happens after 5 years? Do we have a pretty good track record of retaining those physicians long term in the State of North Dakota?

Dr. Joshua Wynn: It's too early to tell. We don't have good statistics yet. Remember, we started the rural med program about 8 years ago. So by the time the students got through, we don't have enough beyond the 5 years to know. I can tell you from other data that staying in state in a locale for 5 years, in general is a pretty good predictor of remaining there.

Senator Robinson: Other than the rural program, what's our track record regarding medical school graduates staying in ND upon graduation? Are we looking at 50%? 70%?

Dr. Joshua Wynn: Our retention has gone up progressively over the last decade, but I don't know the percentage. I'll get you the information.

(37:59) **Senator Bekkedahl**: Being a health care professional myself, I can understand how important it is to get quality workforce in your institution. Not to diminish the fact that 4% is

probably warranted and needed in your facility, but does the fact that you have a brand new facility in a lower cost of living market help you in any way to retain and recruit?

Dr. Joshua Wynn: Yes, I believe it does. If you build it, they will come. Philosophy plays some role and the relatively lower cost of living plays some role. The proof of that is that we have not had a huge exodus of faculty over this past biennium, but I don't want to tempt fate. There has not been a huge exodus thus far.

(39:21) **Senator Wanzek**: When you had to make those cuts, you went from 51 to 35. Did some of those graduates go to a different residence program or what did they do?

Dr. Joshua Wynn: I said we had initially intended to have 51 slots, but we only had 35. We never had people in those other 16 slots. They were planned but we never implemented them so it wasn't like we said to someone, "Sorry, you're out of an educational experience." We weren't able to implement those additional 16 slots. We never got that far.

Andrew Alexis Varvel, Bismarck, ND
Testimony in support of HB 1003 (SMHS) - Attached # 5.

(43:08) **Chairman Holmberg**: You're aware that the advisory council includes members sitting here. Just bringing the idea and this to their attention may move this along, but like you said, it's not for today. It is something to mull over and look at. Senator Mathern and Senator Erbele are the two people on the advisory committee.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1003 – DSU
3/18/2019
Job # 33893

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Alice Delzer / Carie Winings

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to defray the expenses of the NDUS – Dickinson State University

Minutes: 1.DSU Forward Booklet

Chairman Holmberg: Called the Committee to order on HB 1003 in regards to Dickinson State University. All committee members were present. Alex Cronquist, Legislative Council and Renae Bloms, OMB were also present.

Thomas M. Mitzel, Ph.D. President Dickinson University (DSU): Testified in favor of HB 1003 and provided Attachment # 1. DSU Forward, Develop, Strengthen Unify. Emphasized the importance of the community relationship of the university and the city of Dickinson.

(12:10) Chairman Holmberg: You laid out a formalized on-ramp to meet the needs of industry. Have you thought ahead of a formalized off-ramp when you have a program or programs that are no longer meeting the needs? How would you develop them? I remember some years ago there were a couple of programs at a school to the east of you that was holding on to programs that were no longer viable but they had the faculty therefore they continued the programs. Do you envision down the road having an off-ramp?

President Mitzel: That is an excellent question. Everything I put forward to you right now is being run internally with the resources that we have. As we expand, there is an innovation fund that was in the state board of higher education budget. It was a $5 million innovation fund. I would strongly hope the Senate would look to putting that innovation fund back in. We are going to need some startup funding, marketing and outreach. We have done much of what we are doing now on a shoestring budget, and we want to make sure that we are very strong. Back to your question. Especially with certificates, when we are putting together these programs, they are short and quick and extremely efficient and effective, but they don't have to run all the time. When we don't need them, faculty are doing other things. We are not going to add an incredible amount of faculty into every program. There are some programs where we are fairly light and we will need some support, but the certificates and two-year degrees are designed to come into play and to go away if needed. In order for a dual mission to work you have to be pretty flexible. You have to look at the work needs of what is going forward. By the time you get to a two or a four-year degree, something has

already been around long enough it is pretty stayed. We will start most of our projects at the certificate level. This is where we see a need right now. I will expect that not every workshop or certificate we put forward will be successful. If it did, I would say we are being much too careful.
(15:02) Returned to testimony at Enrollment trends – Page 8 of Attachment # 1. I am hoping to get enrollment up with the dual mission. We serve mostly western ND. Many students access education with a combination of on campus and online learning. Page 11 – Develop community and belonging, recrafted the whole area, including the student center and dining facility, and made it more student friendly. I am extremely pleased and proud of that student retention numbers. We are grateful for the one-time funding we got last session. We don't want to offer something that will not attract the students. We have been doing a fair amount of fund raising. Between Dec and June, we had raised enough money to give scholarships to students that fall. The community rallied around, but they did with the challenge funding. I would hope we can continue the challenge grants. I will not put a number on it.

(24:00) Chairman Holmberg: It is always awkward when the legislature has some kind of incentives out there and pulls them back. It is difficult explaining to potential donors that the incentive is no long there and then we get blamed.

President Mitzel: I would never blame you. I am asking for us if we could find a way to put it back in. I know how difficult it is to sit on that side of the table. I do not envy you one bit.
(24:40) Returned to testimony Page 13. I want to make sure that everyone in ND can partner with DSU. On page 13 – shows the Financial reductions. In the coming biennium the proposed General fund appropriation is $17.8M I am not asking for addition funding for the base. I am asking that you take forward the base that the state board of higher education brought through. I know the Governor put forward a 10% reduction at one time. The state board needs based budget will help us the most. Our goal is that the students don't notice that their education has changed. **(26:40)** On page 13, noted the impact of the budget reduction. people were not happy about baseball and golf, but we had to do that. Total Revenue excluding capital – Page 15. I want our appropriation number to remain below the 50% because of the enrollment increase. Revenue Trends – general fund – page 16, because of the ¾ drag with the enrollment, the state of appropriation had gone up, while the student tuition was dropping. No one heard that early enough as a warning sign. We need to get that line on this page to cross again. I do not like to look at students as money coming in, but for us to offer the programming and the community projects that they want, the academic and non-academic social that they need on campus to be good students – that is what we need to do with our revenue trend. We need to come up to about 1850 enrollment. At one point DSU was at 2800. **(30:45)** Reviewed pages 19-21 on the Theodore Roosevelt Center. Asked to take the appropriation back to $800,000. With the $500,000 we had to reduce the staff at the center, and the process of meta-data has slowed down. We would like to get the process done.

(34:42) Chairman Holmberg: Do you utilize students to assist in that, or is it just full time individuals who do the work?

President Mitzel: We utilize students where we can. It takes a fair bit of training to get into how to do the meta-data correctly and you to have a history of Theodore Roosevelt to make sure you are doing it correctly. It is not really the scanning. When we got the information from

Harvard, they scanned it for us. It is placing all of that meta-data within. We get summer interns, and most of them have a degree in history that overlaps with Roosevelt. We try to integrate our students, but you have to have a certain level of knowledge and history of Roosevelt to be useful.

Chairman Holmberg: I was asking because I know the core library uses a lot of students. That is a lot of scanning too.

Senator Bekkedahl: On the $800,000 for this biennium, is there a potential end date to that level of appropriation. Is it 5 more biennia or 10 more biennia, or do you see that continuing as an ongoing for a long time?

President Mitzel: What we are hoping to do is to raise an endowment for the center. That is something the institution should have done a while ago and it is something we are beginning to do now. My hope is that as we begin to raise an endowment we can rely less upon the graciousness of the state. I would say that it would be at least 5 more biennia to be realistic. My hope is that by the end of that 5 biennium we will have the endowment that is taking over from the state. That brings us to our conclusion.

Chairman Holmberg: Is there anyone else to testify?

Senator Robinson: We would be remiss if we didn't complement you for the great job you are doing. You inherited a tough situation. Starting a foundation with nothing; no staff, no money, a new boss, but you have come a long way. We appreciate your efforts.

Chairman Holmberg: Moved to Valley City State testimony on HB 1003.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1003 (NDUS – VSCU)
3/18/2019
Job # 33903

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Alice Delzer / Carie Winings

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to defray the expenses of the NDUS (VCSU)

Minutes: 1.VCSU booklet

Chairman Holmberg: Called the Committee to order on HB 1003 – VCSU. All committee members were present. Alex Cronquist, Legislative Council and Renae Bloms, OMB were also present. Senator Poolman was absent.

Alan LaFave, D.M.A. President, Valley City State University: Today marks three months on the job. Thank you for your wonderful support for VCS and the NDUS system. It's good to be with you today. Testified in favor of HB 1003, particularly VCSU and presented Attachment # 1, also showed a power point for the committee to view.

(7:00) Julie Russell, Assistant Vice President of Academic Affairs, VCSU: We are pretty small and with your help we saved our student over $1 million as of last fall semester. One of the things that I wanted to share with you on OERs is that we are including free and low cost resources.
(7:45) Continues with Page 10, Attachment #1. We are defining low cost as less than $50. Thank you to our system office and our core technology services people. We are now part of an initial pilot program for ALI; which is a tool that works inside of our learning management system blackboard. It helps us to identify whether or not the materials in the course are universally accessible. It is not just for students who have some declared special need. This could be for the student who commutes and can listen to their textbooks in the car. They can download it and listen to it instead of having to read it. It will go into braille too. Right now we have 18 faculty members who volunteer to try this out. That is 26% of our faculty, and we have 52 courses that we are trying it in. When we can get this into full swing, I am thinking it will probably be a year from this semester. This is a huge tool for faculty members, students, and the administrators. It is to make sure that students that go to a NDUS institution have equal access to all the resources.

Chairman Holmberg: thank you for your leadership, by the way.

(10:45) President LaFave: Continued with testimony, Page 11, Attachment #1.

(13:05) Paige Fettig, Bismarck, North Dakota Resident: Going to Valley City was one of the best decisions I have made in my life. I was drawn there by their education program for its known excellence and recommendations from my own teachers from elementary, middle, and high school. A lot of my own teachers were graduates from VCS. The faculty and staff at VCS are some of the best people in my life right now still even though I am a graduate from last spring. I am in contact with them still. As soon as you get on campus as a freshman they want to know your name. Whenever you see them in the hallway or in town they say HI. They want to be sure you know you are welcome and wanted at the campus. Also during my time there I was involved in many different activities, which gave me opportunities and experiences that I don't think I would have had at other universities. I was involved in our campus activities board, student Senate, and our club tennis team. Lots of leadership skills were grown there as well. I was fortunate to come back to Bismarck to do my student teaching and right at the end of May I was hired as a 4th grade teacher at Miller Elementary. Going to Valley City definitely prepared me for that experience. There were times during my time at VCS where I wondered if I needed some things, but now I see that everything had a purpose.

Chairman Holmberg: So, you are saying that you felt you were prepared for teaching. I have talked to a lot of people, myself included, that we were not prepared for the first year of teaching.

Paige Fettig: I definitely feel that I was prepared through my courses and the various experiences that they give you. VCS has a lot of different practicums that you have to do before you go into student teaching; requiring hours and time in the class room.

Chairman Holmberg: My first weeks lesson plan for 8th grade history were done on the first day. We ran through that stuff pretty fast.

(16:02) V. Chairman Krebsbach: Do you use a mentorship program for your teaching?

Paige Fettig: Yes. Right now at Miller Elementary I have one mentor teacher. She is a 5th grade teacher and we do the mentorship program through the state. There is a course that I take and we meet weekly.

President LaFave: Returned to testimony, Page 15, Attachment #1.

(18:20) Autumn Johnson, Senior, Hazen, North Dakota and President of Student Senate: My decision to VCS was my best decision. I stand before you as an example of success for and because of VCS. The opportunities and the mentoring they provide allow me to grow academically in my passion for history, but also grow and develop personally through my involvement in volleyball, choir, student senate, and the resident assistance, as well as honor societies. Joining me are other VCSU students that are active in numerous activities and organizations and they have their own success stories to tell. On behalf of the entire student body I urge you to support the funding request of VCSU.

Chairman Holmberg: What is your major?

Autumn Johnson: History with a minor in political science.

(19:59) President LaFave: Returned to testimony, Page 18, Attachment #1.

(23:00) Kristen Baesler, State Superintendent, North Dakota Department of Public Instruction: I want to tell you that I am a 2010 graduate of VCSU with a master's degree in education. I want to bring to light today how important that is to me. At the point in time when I began pursuing my master's degree, I was a mother of 3 children who were attending school in Mandan Public Schools and I was working as a full time educator in the Bismarck school system. I was not really mobile. VCSU was innovative before it was cool. They applied for several grants. Applied for the opportunity to provide an alternative education – a blended education that would allow me to continue my education online with summer course work on campus. That was the first time that this was done for the degree that I was pursuing. That degree allowed me to go on to multiple leadership roles and it allowed me to become the state superintendent. I don't know if that will weigh in positively for you but I have to tell you it has made a tremendous impact. that has made a tremendous impact on me. VC took a chance and many more have come after me, and allowed us to elevate the quality of education in our school districts in North Dakota because of that program. For that I will be forever indebted to VCSU. I visit there often and I am a very proud alum. It is a vibrant energized community and the staff and teachers go above and beyond.

(25:41) Senator Dever: On slide 16 there was a picture of 13 high achievers and 3 are graduates. Would you have any explanation why all female? (Laughter followed.)

President LaFave: Returned to testimony, Page 21, Attachment #1.

(29:16) Wesly Bench, Vice President, Budget and Finance, VCSU: Financials – Budget comparison – Pages 23-28 of Attachment # 1.

(31:20) President LaFave: Continued on testimony, Page 29, Attachment #1. Thank you for the opportunity. I would be remiss if I did not explain how very excited I am and humbled to be the new president of Valley City State. It has been an incredible welcome by every single person I have had the opportunity to meet. We so much appreciate what you do for us. We also support the needs based budget from higher education, and the continuation of the challenge grant.

Chairman Holmberg: Closed VCSU portion and moved to the College of Science.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1003 (NDUS – NDSCS)
3/19/2019
JOB # 33909

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Alice Delzer / Marne Johnson

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the NDUS (North Dakota State College of Science (NDSCS)

Minutes: 1.NDSCS Booklet

Chairman Holmberg: called the Committee to order on HB 1003 in regards to NDSCS. Roll call was taken. All committee members were present except Senator Mathern. Alex Cronquist, Legislative Council and Becky Deichert, OMB and Renae Bloms, OMB were also present.
At this time **V. Chairman Krebsbach** chaired the hearing and she welcomed the President of NDSCS.

President John Richman, North Dakota State College of Science, (NDSCS) (1:30): Testified in favor of HB 1003 in reference to NDSCS and submitted Attachment # 1, which gives explanation of the information regarding NDSCS and the budget requests for the NDSCS. He thanked the committee for their past support for the college.
I will give a speed summary on the materials, then I will give the budget material, and spend most of my time on what we would like to see as you wrap up session.
Page one is our enrollment data, detailing our total students, delivery type, and origin of students. Over 70% of our enrollment is from North Dakota. On page 2; of the 32 programs you can put them into one of seven clusters. On page 4, the cohort persistence rate is measured by the number of students you have in the fall that return to the same programs in the spring. We are at 86%. The number and amount of donors is increasing for our schools. We've grown our endowment from $6 million to $17 million. In the near future we will be near $20 million. Entrusted Equipment is equipment that does not belong to us, does not belong to the state, it still belongs to the companies that loan it to us. They realize that we can't afford to replace the technology and equipment on a regular basis.

(7:00) V. Chairman Krebsbach: If I could go back to your foundation, has that had a change since the advent of the challenge fund?

President Richman: Yes, it has helped us as well as our steps and practices, and the market.

Page 5 is a snapshot of partners that we have that provide that Entrusted Equipment. They also recruit and fund the students, we have diesel students on full ride scholarships - $26,000 to get their education, with the commitment to come work for the company. We believe for our future we need to have even more partners, we have a task force on campus, in the next 4 years we want to have a major partner for every single department on campus. This part goes into our non-credit side. A few years ago we created the workforce affairs division, within that it has three basic program areas, TrainND, ApprenticeshipND and SkillsND. The TrainND, a couple weeks ago, the CTE bill was before you, part of that presentation spoke about TrainND, that was at the state level, this Southeast portion that we have the responsibility for. The second area is apprenticeship. We've been offering apprenticeship for years, we do it in electrical, pharmacy tech, and other technical areas. We touch over 400 individuals, helping them to get the education that they need, in partnership with unions and or specific companies. General Equipment & Supplies is one such company. Their need for workforce created their own apprenticeship. They did that in partnership with us. They hire the individual, provide them with real world experience, then send them to us for our courses. Between the hours they are working and the hours of education they get, they pick up their degree from us through this program, with tuition 100% paid. The third area is SkillsND, this is a program we have been doing for 18 years. We work with new Americans who come to our region, not only with English skills, but also skill development. We offer the English improvement, at the same time they are learning manufacturing or IT skills, or allied health careers through that program. That's adding to the workforce of North Dakota. Page 8 we have gained national recognition, operating in the top 2%. I have talked about partnerships in industry, we are also expanding partnerships with K-12. As we are here today, the superintendent from Breckinridge is testifying in Minnesota, in hopes of getting a program where she can send her students 10 blocks across the river to get current technical education on our campus. We are doing a pilot this year, we have 13 Breckinridge students taking welding. We are also doing Lean Methodology. We sent two of our employees to be trained as facilitators in lean methodology. We've been working on process analysis, decision making analysis, and patterns. Work areas are cleaner, safer, and things are being done with fewer people. On Page 9, the FY18 Total Revenue Overview, shows where the revenue comes from, 38% from the state. The other 62% is student fees and other methods. Page 10 is the expenditures. Page 11, NDSCS Financial Sustainability, our composite financial index, on a scoring scale. We provided the last 4 years in the blue column, we are above a 1.1 for all years. We are extremely fiscally sound and sustainable, we planned the right way, we listened to our employees, we did our work and did it well. Fiscal year 17 – you provided us a lot of money to do an infrastructure project, that project spanned multiple years, that money was sitting in our accounts, it's not a true indicator. Page 12 – Comparison of 2017-19 Base Budget. I will draw your attention to the capital projects line, this is where we need to ask for your understanding and help. During the House version, they removed $30 million from the NDSCS budget, that is unrestricted funds, it's non-state funds. We did that because we need your approval if we went into some type of non-state funded capital project, or even into a rental agreement, I will speak later about where we would like to do that. Without that $30 million in that account, we couldn't move forward quickly, because we would need to come back to the legislature at some point to ask for approval to spend that non-state privately raised funding. So we encourage you to strongly consider restoring that $30 million of non-state funds into our budget. It will allow us that flexibility to participate a career academy; if such a thing does happen.

Moving on page 13- Overall Budget Impact Summary. Page 14 – Capital Projects Requests. We asked for the Hektner Student Center Improvements, the board ranked that project 10th. You are not going to fund that this session. We will keep that on our list, you will see that come forward in upcoming sessions, because it does need to happen. The second part is the Non-state funded project, this is the concept of a career academy for Cass County, and our ability to participate in such a program. We put this in for your approval for doing this with private funds, we need this program reinstated, as it was removed during the House process.

Senator Sorvaag: That was in last session's budget for $30 million. Was that in before or is this brand new?

President Richman: We've had the academy concept in our presentation, I wouldn't say it was a $30 million, it may have been a different number.

Senator Sorvaag: But the authority to raise and build it was there?

President Richman: Correct, not in the session. The State Board of Higher Education granted us authority to fund raise for the concept, and that's the phase that we are in, as we speak.

Senator Sorvaag: We haven't authorized you to do this?

President Richman: You have not. We would ask that you do such, so that if in fact it does happen we have that flexibility and can move quickly.

(21:03) V. Chairman Krebsbach: You state that there are no state funds in that $30 million.

President Richman: That is correct.

V. Chairman Krebsbach: I do recall a bill where they were trying to get $30 million for career tech entities in the state, and they were going to request $15 million in Fargo for that.

President Richman: I was in the room when that was addressed and that is incorrect information, I will address that later in my presentation. Moving on to page 15 gives the Operational Audit finding, and the NDSCS 2015-17 Capital Carryover funds as well as the transfer funds to match that 2-1 for deferred maintenance. The funding is there, that is just for your information. On page 16, a report of extraordinary repairs funded through that funding and required match. On page 17, I've given you a snapshot of this year's Challenge grant program, as well as an accumulative effect. To speak to madam Chair's question earlier, the growth of our foundation, we would really say the market, our change in practices and the Challenge Grant have significantly allowed us to have better and more successful conversations with our donors. Page 18, what we are looking to do in the future. We hired one new nurse educator this year, and will be hiring two in this coming year, increase our nursing enrollment by 57%, addressing a critical need across the state. We had a donor provide us with 94 acres, creating a nice lab to work on for our ag, land surveying and heavy equipment students. We're looking to expand that operation as well. The unmanned aircraft systems, this spring we will have our first graduates. We will continue to monitor that industry and add courses as needed.

Senator Grabinger: On the expansion of the registered nursing program, are they 4-year nurses?

President Richman: Our authority is to a two-year. We offer a two year LPN and a two-year RN.

Senator Grabinger: Are they licensed in North Dakota?

President Richman: Yes, 100% placement.

V. Chairman Krebsbach: We had at one time, in the 80s, passed a 4-year requirement for RNs. We later dropped that.

Senator Gary Lee: In terms of the UAS certification, what does that do for them?

(25:20) President Richman: Think of a land surveying graduate with an AAS degree, now being able to operate a UAS device to do his or her work. This is an additional skill set that the industry is asking for. Recently, I talked to a heavy equipment dealer that wanted their diesel technicians to have UAS capabilities. The industry is expanding into the use of these devices to do their work. One of our diesel students could pick up this 5 course certification. It gives them more knowledge to do their work.

Senator Gary Lee: It isn't a requirement to operate one of these devices, it just gives them the skill set in this?

President Richman: I don't know what is required and what is not, everybody can operate one, at some level, but for out of sight you have to have certain certifications.

Senator Erbele: Your involvement in the adult farm management program, I see you have three sights, do you provide instructors for that. Talk about how that dovetails with the money that's in the CTE budget.

President Richman: We have operated the adult farm management program in Wahpeton for decades. Fargo went through a retirement five years ago, we now operate that one. Two years ago Jamestown came and asked us to operate that as well. We are operating the three that you indicated. Wahpeton had a recent retirement, the bankers came and told us you need this program. As bankers we support the farmers that are in the program more than those that are not in the program. Yes, we provide the instruction. We have 2 FTE and a partial FTE in those locations.
He continued on page 18, Academic Instructional Initiatives, Chair Morton talked about experiential learning, almost all of our CTE programs require an internship. This year we added a year round construction internship on-campus, off-campus. We need to work with the private sector, because they have to provide the co-op experience when we send them out. We are studying it for our land surveying program. We see this as the model for the future, experiential learning; it's a vital part of the education process. On page 19, our challenges, we do a great job of getting students through the education pipeline, and get them into the workforce. We need to do a better job of getting students in the pipeline. We

are under capacity in Wahpeton. We are seeing a greater percentage of our students coming to us with social and economic barriers. It used to be just finance barriers, now it's mental health and physical barriers. We are having to provide more resources to help those students. Balancing our internal workloads, that is where our lean methodology is helping us. Aligning our resources to maximize our outcomes, that is always an issue for any organization.
Our priorities, as we entered session, I told my campus I've never been more optimistic than this session. Our number one priority was appropriate and competitive compensation for our employees. We know that you will do what you can to support that. Number two, funding formula, we have no problem with the study that is being planned, if you proceed. We were part of the group that put it together. It is a production model we believe in. It also allows us to plan to the future. 5 years out. I can tell you right now what our credit production will be when you come back for the 21-23 session. That allows us to plan that far ahead; it's a great model. Let's do the study and find out if it can be improved. Number three, Career Academy Grant Program, page 22 will give you a summary. I don't know if I've seen a model that has done more to create career awareness, career exploration, and when done right with higher education, career pathways. These Career Workforce Academies work. They bring more students into CTE, they are more successful when they go to college, there's a greater focus on two year degrees and the real workforce issues in the state. They work. We strongly encourage going back to HB 1019, that's where the governor's $30 million for Career Academies sits. In the Cass County model, we have the authority to raise the $30 million, we have been fundraising from the private sector, we currently sit at $13 million. Our plan was to raise $15 million from the private sector and generate the other $15 million from the school districts and public entities that would be served by this academy. We did not ask for the state funding. The governor has $30 million statewide to be matched, 1-1. We would like to see that $30 million put back in that the House took out. It can significantly help the workforce issue that we are realizing throughout North Dakota. We strongly encourage you to reinstate that.
The House version of page 20, Sections 5, 6, and 7. This language would be very prohibitive, if not preventing altogether, higher education from partnering with k12 to expand career academies across the state. It would stop us from being able to offer programming in other locations outside of a 10-mile radius. It is very restrictive language, we would like to see this language removed from the bill, so that if in fact these academies are funded and brought up, that we have that flexibility to move forward in a timely fashion, rather than to come back time after time, waiting for your meetings to get that approval.

Priority number four, 21st Century Tactical Workforce Plan (see page 23), Your question about duplication and that philosophy that we can't duplicate, that is stopping our ability and flexibility to be able to get the programs across the state where they are needed. On page 23, this is a plan the five two-year colleges came together and drafted. This is a collaborative plan; we assessed what we have, where we have it, what the need is, and what we could do collectively. In the higher education bill was the $4 million for workforce initiative. If you study this plan, it would call for $4.7 million. I am not indicating that all of that would go to the five 2-year colleges, we think with this plan we could help the workforce issues across the state.
Priority number five, Developing Opportunity Tuition Programs, you have several bills SB 2039, HB 1171, and HB 1122. We've heard for years about the high debt of students. These programs will help to reduce that debt that is stopping some students from getting a college education. We have done a pretty thorough assessment across the country, there are now 22 states that have these programs. We believe it's time for North Dakota to have one.

Competition, this isn't just about keeping students in North Dakota, it is about attracting students to come to North Dakota. We get students from Montana, South Dakota and Minnesota; all three of those states have this program. We have seen a decline in the number of students coming from there. We strongly encourage your consideration for funding these types of programs.
Priority number 6, Implementing Workforce Development Council recommendations (see page 24). This Council was regenerated; they did some tremendous work. I don't know that we could have written a better report. It was a group of business people across the state representing a number of different industries. We think this plan, if addressed appropriately, the initiatives identified in it are some of the initiatives that the business and industry of North Dakota are telling us that they want to see.
Page 21 speaks to HB 1019, restoring the $30 million for the match of the challenge grant. We'd ask for your consideration the House did fund TrainND at $2 million, we are comfortable with that number, if you can maintain that going forward; 75% of the businesses in North Dakota have 9 or fewer employees. They can't afford this kind of training on their own. We support restoring the $305,000 back into the adult farm management program. Lastly the Challenge grant, we encourage you to take the funding back to the original funding amount, $10 million each for NDSU and UND, $1 million each for the other 9 institutions.

(42:10) Senator Robinson: Last session, you testified about a building or two that were offline. Where are we at with those facilities?

President Richman: We have three residential halls. These are non-state buildings, they are sitting vacant, because we don't have the enrollment to occupy them. We do have some economic development in the community, for businesses that need space, to potentially rent them at that point.

Senator Robinson: What is the current condition of those facilities? Are you in a situation where they need renovation?

President Richman: In the other halls, we have available space. The older halls, I don't know that a student would want to stay in them in today's condition. When you look at the enrollment projections, I don't think we need to go back to needing those halls for residential halls unless something happens to one of our other halls.

V. Chairman Wanzek: I agree with your comment about restoring the funding for adult farm management, I'm wondering, shouldn't that be done in CTE budget?

President Richman: Exactly, that's in House Bill 1019, that is where that funding is.

Senator Bekkedahl: Is industry talking to you a lot about automation, and teaching automation skills, not just machinery, but the technology, the computers, would you consider your institution to be a lead institution in automation workforce needs?

President Richman: We'd like to think of ourselves as a leader. Automation is key. In the health careers, in the manufacturing careers, we can't solve the workforce issue with just people, it's going to have to be a combination of new technology and automation and people to solve it. We get into a lot of manufacturing plants in our business, the Bobcat plant in

Wahpeton where they make the hydraulic cylinders is considered to be one of the most high-tech manufacturing firms that Bobcat has in the world. They duplicated production and reduced staff by using automation. That is the world we are in and we need to prepare for that.

V. Chairman Krebsbach: Closed the hearing on HB 1003 regarding NDSCS.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1003 NDUS (Mayville State University)
3/19/2019
JOB # 33923

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Alice Delzer / Florence Mayer

Explanation or reason for introduction of bill/resolution:

A BILL for Act to provide an appropriation for defraying the expenses of the NDUS (Mayville State University)

Minutes: 1.Mayville State University Booklet

V. Chairman Krebsbach: Called the Committee back to order on HB 1003 regarding Mayville State College. All committee members were present. Alex Cronquist, Legislative Council and Renae Bloms, OMB were also present.

Dr. Brian Van Horn, President, Mayville State University: Testified in favor of HB 1003 and provided Attachment #1, which explains the accomplishments of the University and the budget needs. I started in June of 2018, and am relatively new to the NDUS systems. 2 things stood out to me during my interview process with the state and the University. The first was how Mayville State treated students. That was a defining factor in my decision to accept the position. The other is simply the kindness of North Dakotans. It feels very similar to my small town, rural Kentucky upbringing. (Had a corresponding slide show to go with Attachment #1.) Covered the Mission, Purposes, Core Values and Strategic Goals. I am very proud of the balance we have between online education and residential education. Residential education still has a place in the world. It teaches many personal and teamwork skills. Went over Student Comments on page 1. Looking at the tuition, the total cost is $13,452. I am very proud of what we have done to keep costs very affordable. Discussed majors and minors the University offers (page 1.) We lose about 14% of the students at Mayville. When we interview them, they tell us they love it, but that we don't offer the extent of what they want to study. We will never be all things to all people, but we hope to increase our degree programs. Continued on page 2 regarding Student Outcomes. We ask all our students the same question, why they came and what is important. The reason they came was they wanted a small rural university campus. The other thing was affordability and comfortability. Continued on page 3 regarding their effect on all of ND and where students come from. We are about 50% online and 50% residential education. We had a student who had to go home to help a struggling family farm. We hope to keep him engaged with our online education. Continued with pages 2-3.

(18:52) Senator Sorvaag: Is that 42% residential?

President Van Horn: I cannot statistically prove this, but I would say our residential would be a little stronger than that. Because we have them right on, campus and they are a more traditional age student.
Continued with page 3, regarding the New Innovative Initiatives to Address Critical Workforce Needs. We are 1 of 10 institutions in the country to receive this grant to support at risk students. Explained the RN to BSN degree on page 3. Something was said in the last presentation I want to touch on. It is not a requirement that nurses have to have a Bachelor's of Science degree; but it is highly sought after because there is a status at hospitals that allow the facility to charge a little more if they have a certain percentage of students with bachelor's degree versus just RNs. Continued on page 3 with Collaborative Programs and Efficiencies. We do a lot of grant work with NDSU and UND. They get benefits of collaborating with us because of our "ruralness". There are factors grants are awarded on, something's a rural location helps with that. When we have cuts at a small University, they are very impactful for us. We will usually have 1 individual in a roll, where a big school has many. So often times we have to cut a complete division, not just an individual in a division. Continued on page 4 concerning Challenge Grants. We have increased almost 100% in endowment balances over the past 6-years. I had a man come to me in December. He had a bit of money he wanted to give to the University, but he wanted to match it with the Challenge Grant. I told him we didn't have that any longer; we exceeded that $200,000 a long time ago. The result was, he just didn't give. I asked if he was punishing the students or us. He said he would hold his money in hopes that maybe it will come back. It is the best way to give to the universities. It creates a nice public-private partnership for the universities. We use our Challenge Grant money for student scholarships as well. The Challenge Grant helps all 1 institutions. Everyone can benefit from matching money.
(29:59) Continued on page 5 regarding the Economic Impacts then the Financial Responsibility pie chart.
Discussed page 7, the university budget request, optional and special fund requests.
Continued to point out student testimonials on pages 8-9.
Don't forget small institutions matter. Look at what others say about us nationally and recognize our niche market. Those who come to us won't always go to any other place in the state. Our citizens still prefer a small rural campus. We appreciate our needs based budget to be approved.

V. Chairman Krebsbach: Are there any other testimony to be heard?
We will close the hearing on HB 1003 for Mayville State University.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1003 – NDUS Office
3/19/2019
Job # 33938

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Rose Laning /Pam Dever

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota university system.

Minutes:

Testimony Attached # 1.

Legislative Council: Alex Cronquist
OMB: Renae Bloms

Vice-Chairman Krebsbach called the committee to order on HB 1003 – North Dakota University System office.

Tammy Dolan, North Dakota University System Office
NDUS System Office Overview - Testimony attached # 1. The system office budget.

I want to make the point that about $42M of the system office budget is actually scholarships and grants. There is $101 million in our base budget. Not all goes for system governance. (1.16) Another $38M is for core technology services. That is the backbone for all campus IT. There is another $13.6M that is a transfer for the campuses. Capital bond payments, EP score project. About $7.5M is for actual system governance. That is 7% of the budget. That $7.5M is significantly lower than in the past. That is outside of the last budget cuts from last session. In 2013 – 2015 biennium, it was $12.4M. (3.29) The attorneys use to be in our budget, but in 2017, they were moved to AG office. Also in 2017, the internal auditors, that were part of the system office, were moved to state auditor's office. We are very lean. We have a few positions we'd like to ask for. You can see what the House made to our base budget. The House did add $233,000 to restore the dues for the Midwest Higher Education Compact. Those dues were eliminated last biennium during the budget deduction process. We asked to restore those. (5.33) The house agreed. There is $9.2M in outstanding bond. They will be paid off by 2023. These were old projects and gradually are being paid off. You will see the $1.6M decrease in our budget. The House changed the Student Loan Forgiveness Program (STEM). Last session the teacher loan forgiveness program underwent substantial changes. Truly moved most of the decision making and administration of that program to the DPI. But the money was kept in our budget. (7.40) This just takes the final step. It is in the DPI budget.

(8.07) **Senator Wanzek**: If it was changed and moved to DPI, why do we keep $750,000 in this budget?

Tammy Dolan: That is for the remaining program. There is money for Stem Loan forgiveness program, that we still have and has about $500,000 and the rest is for those graduate programs at NDSU & UND. The next change that the House made was in the tribal community college grants. I explained that yesterday. That is to replace funding that we were receiving for those grants. (9.04) They were coming from the student loan trust fund that is no longer available. The House restored $400,000 of that.

(9.50) **Senator Robinson**: In the tribal college grants, is there money in Commerce or is it all right here?

Tammy Dolan: For this program all the money is right here. There is a work force grant was in Commerce budget.

Senator Grabinger: I this what funds the non-native for the tribal colleges?

Tammy Dolan: Yes, for non-native students that they serve. It is on a pro raita basis; ½ for one year and ½ next. It is based on the number of students they have that are non-native.

Senator Grabinger: That's how you came up with the number?

Tammy Dolan: The appropriation is set by legislature. It has been as high as $1M. and as low as a few thousand dollars. Whatever is appropriated is distributed proportionately based on number of students. Not a set award. (11.30)

Senator Grabinger: I've been told that number isn't sufficient, to offer the assistance we need. I will leave that for the sub-committee to challenge.

(12.02) **Tammy Dolan:** The last change that was made to our budget by the House relates to the compensation office. We submitted the need based budget. The remaining difference relate to the compensation package.

Senator Krebsbach: Any questions for Tammy at this time?

(1316) Senator Oehlke: On the student exchange program, is that every exchange student in the higher ed system including law school and medical school, etc? How many are there?

Tammy Dolan: Those dollars are used for N.D. resident students that are going on to take training in veterinary, optometry, or dentistry outside this state. These dollars are used to reserve slots at participating universities for N.D. resident students.

Tammy Dolan: The next two pages summarize the optional adjustment that we asked that relate to this system office. On the first page, two of the four items were funded and continue to be funded in HB1003. Those relate to the professional student exchange program and the tribal college money. The two that were not funded, and we ask for your consideration, are to replace the student loan trust fund that has been used by core technology services since

1993. Also, to partially fund 6 FTE that maintain the campus solution system. We could increase the student fee to cover, but we hate to do that.

(16:06) **Senator Bekkedahl:** Those partially funded 6 FTEs, are they in certain campuses or all NDUS office?

Tammy Dolan: Those positions are in our core technology services area in system office. The last item on this page relates to the students. One of the state sponsored scholarship program, Academic and CTE Scholarship. There are two tracks for the students. They have to meet stringent requirements in order to qualify for this scholarship. It was started in 2009. Each year the number of student has risen. We need more money with the increase. (18.18) need $2.9M to keep the program going. That was not included in HB1003. We need $15.7M total for biennium. Now the appropriation is $12M.

Senator Poolman: Did you hear what the conversation was in the House to why we would underfund a program? It's in the law, but you don't qualify because the money is not there.

Tammy Dolan: It came down to the amount of money they were going to move forward to Senate. This is one that did not make it. They were favorable of the program. Not a lot of conversation.

Senator G. Lee: Back to the student exchange program. The House added the money back in. What are we really paying for?

Tammy Dolan: The money is paid to reserve a slot for our students. There is a payment made to the college and buys down the tuition that say the veterinary student will have to pay. We don't offer a vet or optometry program in N.D. (21.25) This buys down the tuition.

(21.54): **Senator Erbele**: It just makes the tuition payable.

Tammy Dolan: Yes, that's the intent of the program. It is the same for dentistry.

Senator Robinson: Where are we in University system with the IT unification? What is the financial impact if we don't go down that road?

Tammy Dolan: Defer to Darin King.

Darin R. King, Vice Chancellor of IT, NDUS: We have consolidated many things already. To continue down that path, we'd have to make significant improvements to our IT system. To be able to bring systems from campuses back into a single data center. We're probably 75% there, but down to systems that have very campus focused reasons to be on a campus. We could host those.

Senator Robinson: For the university system, we're in pretty good shape without taking next step?

Darin King: Yes. There is more consolidation that we could do. Where do we find the fiscal efficiencies and operational improvements that make sense? (24.19)

Senator Poolman: Going back to student exchange program. Do we keep track of how many students come back to ND to practice dentistry or veterinary?

Tammy Dolan: We do. I could give you details. The overall return rate is 41%, but each program varies.

Senator Bekkedahl: I was one of 6 ND students that got a slot in MN in dentistry 40 years ago. They bought down my tuition from out of state rate to instate rate. When I came back to N.D. I still had an obligation if I did not come back. For every year I was here, I got 25% reduced off my debt obligation. It was a great incentive to come back. (26.04)

Tammy Dolan: That's the same program, but no return requirement or debt obligation that the students have to pay.

(27:00) **Tammy Dolan**: You will see the last of what have not been added back. (continuing with Optional Adjustment Requests). We ask for two positions back.

(30.19) **Senator Krebsbach**: What is PSEP?

Tammy Dolan: Professional Student Exchange Program.

Senator Krebsbach: Thank you. Adjourned. (30.50)

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1003 – Lake Region State College (LRSC)
3/19/2019
Job # 33967

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Rose Laning / Florence Mayer

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota university system.

Minutes: Testimony # 1.

Legislative Council: Alex Cronquist
OMB: Renae Bloms

Vice Chairman Krebsbach: Called the committee to order on HB 1003 regarding Lake Region State College.

Dr. Doug Darling, President, Lake Region State College: Testified in favor of HB 1003 regarding Lake Region State College. Provided Attachment #1, testimony and budget requests for the institution.

(5:07) Senator Bekkedahl: When you talk about fall enrollment of 2,072 and dual credit with more than 50 high school students in your area. Are the dual credit students counted in enrollment statistics?

Dr. Darling: They are counted as head count in enrollment, because they are taking college credits.
Continued with written testimony.

(8:12) Senator Krebsbach: Going back to the dual credit students, do you have a total number of students you're educating in dual credit courses?

Dr. Darling: I don't have the exact number. It's normally between 600-750. Depends on spring/fall.

Senator Krebsbach: Are the students counted at one or the other institution or both?

Dr. Darling: It depends. If they are at two institutions, they're counted. But those credits only count for the 1 institution and 1 formula. The average ND college student was taking a course at 2-3 campuses each year. We have worked hard for that opportunity. When the UND

campus was closing their sign language program, we took those students to provide them with a minor, but graduating from UND.
Continuing with written testimony.

(17:50) **Senator Robinson**: How many students do you have in precision Agriculture? Do most transfer on to NDSU or find careers on two-year level? I wasn't impressed with the facility, I agree with you the building needs help, but what you're doing is impressive.

Dr. Darling: We have 35-40 in the program. It's about 1/3 of the students work in the Agriculture industry; 1/3 go on for more education; and 1/3 go back to the family farm. It's like the geek squad for farmers.

Senator Robinson: Do you have relationships with precision Agriculture with dealers or manufacturers?

Dr. Darling: Yes, although not quite like NDSCS. The green, red, yellow, blue all provide equipment for the classes and then take it back. (Colors refer to tractor brands.) The software almost costs more than the hardware to run it.

Senator Wanzek: As a farmer who utilizes that technology, do you collaborate with local farmers at all? I have two young family members that help on the farm. At my age, it's harder to program that into the new tech.

Dr. Darling: We have a huge adult management program. We cover from the Canadian border down to Jamestown on the Eastern side of the state. We have three full-time instructors that help producers walk through that equipment. We have many industry partners to use our facility to provide ongoing training. We can't afford to do it in our facility, and the request was for a $3M building to be able to collaborate with other programs. We have a rodent infestation, the building is too small, and we are not on campus.

(23:12) Senator Wanzek: It's one thing to gather the data, but to use the data in managing a farm efficiently is another. Of all this data, whom does it belong to? There are agreements in some of those equipment purchases in fine print. Do you get into all that?

Dr. Darling: Yes. Our students are farming on 40 acres. They have the yield data from the soil sampling last fall, for the crops they are planting this spring. What types of fertilizer and what variety of crops, there's multiple types of seed in planter at same time. In Agriculture and IT, it's the Wild West right now. There's not a whole lot of regulation or guidance on it. That's going to be interesting territory.

Senator Robinson: When you created this program, did you have staff on board with precision Agriculture? How many do you have assigned?

Dr. Darling: When we created it, we had no staff on board. The industry and community was screaming that we need this program. There I was saying I have no space, no faculty, and no money. We took a flier and wrote a federal grant. At one point, we had 7 staff working on the grant to get it geared up, build industry relationships and buy equipment. Then you have to report on those funds for 5 years after the grant is over. Now, we have 2 full time faculty

and a staff person at the facility. Then we have our 3 adult far management instructors who help out. From there, it's cross-pollination between the 2 programs.

Senator Robinson: You don't have grants that will expire?

Dr. Darling: They already have expired. We were at the point where we weren't going to be able to rent the facility. The students rebelled said we have to have the program and they voted to assess themselves a fee. They paid a program fee to help us cover the cost of that facility. We have an in-demand program that is needed and doing great things. We were asked to go to the national FFA convention in Kansas City to display our technology and programs. Our largest need is the capital project for that program. We are looking at a modest facility; we would at least like the authority to fundraise for it. We would love to have the whole thing funded, if we have to, we will work with our industry partners. However, we need a little something from the state to help that.

(29:14) Senator Krebsbach: You need a facility just as many farmers have on their farms.

Dr. Darling: Correct. The other thing is if we can put this on the North side of the campus, we could be even more efficiently. Right now, we're struggling to do even that with the budget reductions. We came through them and it made us stronger. Now we're asking for a little help.

Senator Oehlke: We're talking about a pre-engineered building, right? (Yes.) The state says you have to have an architect/engineering; a premade one isn't good enough. How much extra does that cost?

Dr. Darling: A ballpark, we will add about $800,000 to the project. We have to do it with an architect and engineering. If we could find a way around that, it would be more efficient. However, I don't want to get into hot water with not following code.

Senator Krebsbach: If someone else built it and you were allowed to lease it, is that permissible?

Dr. Darling: I don't know the answer to that. Maybe if were a non-state agency or private individual, then probably yes.
Erin Wood just brought me the answer to your question Senator Krebsbach, this year we have 750 students taking dual credit courses. We have many more enrollments then that.
Continued with written testimony on the bottom of page 3.

(41:09) Senator Mathern: Seems like there is more nimbleness on the part of your campus then I see at many. How do you manage faculty and recruitment? Do you have many full time or part time people?

Dr. Darling: We worked hard during the hiring process and got really quality people. We have about 42 full time faculty total for the institution. Then a large number of part-time adjuncts, whom have taught for us for a number of years. Then student recruiting, we have 1 full time person and about 30% of another position. I think our enrollment could be higher. The philosophy on our campus is, it's absolutely everybody's job to recruit. Every cook,

custodian, professor, etc. It's more like a family and a team then the larger institutions. We pride ourselves in being nimble and able to respond to the needs of business and industry. I know the Chancellor has talked about training the workforce, which is one of the things causing me to lose sleep. Right now if an industry came into Devil's Lake and said they were going to open up this place, with this number of jobs, and this many employees, can you train them? My answer will be, as long as it's in something we already have. I don't have the resources to start anything new.

Senator Krebsbach: You started the program on wind tower repair, is that still going?

Dr. Darling: Yes, and it's still providing power for our campus. That is the greatest training aid our students have. Our student operate, repair, and maintain that turbine. Crews from our industry partners are amazed at what they've learned. It's doing exactly what it was supposed to do and producing even more than we thought.

Senator Krebsbach: And you're still training students? (Yes.)
Any further questions?

Dr. Darling: Thank you for the time. We work hard at doing a good job. If you could help us, we can do even more.
One last thing, we were supposed to report on audits, we have no outstanding audit issues.

Vice-chairman Krebsbach: Closed the hearing on HB 1003.
Chairman any words for us?

Chairman Holmberg: You're getting a ton of emails from the Fargo community about a bill that is in the House. Representative Johnson wanted us to remove ourselves from MHEC (Midwest Higher Education Compact). The House took it up and they put it back in. So now, it takes 3-pages of that bill to get that issue back before us.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1003 (NDUS – NDSU)
3/19/2019
JOB # 33984

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Alice Delzer / Pam Dever

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation to defray the expenses of the NDUS (North Dakota State University (NDSU)

Minutes:

1.NDSU Biennial Budget Request Booklet
2.North Dakota's Technology Infrastructure
3.Testimony of Chase Grindberg (NDSU Student Body)
4.Testimony of Dr. Charly Stansbery(NDVMA)

Chairman Holmberg: called the Committee back to order in reference to HB 1003 for NDSU. All committee members were present. Alex Cronquist, Legislative Council and Renae Bloms, OMB were also present.

Dr. Dean L. Bresciani, President, NDSU: testified in favor of HB 1003 in reference to NDSU and provided Attachment # 1, which gives the Accomplishments and general information about NDSU, Budget Requests, Executive Recommendations, House Amendments and Required Reporting. I do want to highlight 5 points. #1. NDSU completely supports the higher education funding formula that you passed years ago. #2. Dunbar Hall and Harris Hall are critical to our state's economy. The liabilities Dunbar represents to health and safety and possible cost implications to the state are substantial. Harris Hall is 1954 and was never designed for ag research. It is not in good condition. Our state needs ag productivity to improve. That is one of the ways. We are in support of the state's 4 and 4 cost of living increase. We operate in the nationwide, if not worldwide, very competitive market for faculty. The best and the brightest expect to be taken care of. We can get them to ND, but it's getting tougher to keep them. #4. The challenge grant that has been extremely successful program. The last two years NDSU exhausted their challenge grant funding in the first meeting of the board. Last but not least # 5 is the support of the IT infrastructure for the state of ND. That is not just for our two research universities, but includes the entire state higher education system. It also has potential to support our K-12 education, also. (3.49)

Getting back to page 3 (Attachment # 1) After 36 years in higher education, I have worked in none states. I don't know of any faculty or staff that has gone through the economic challenges that this state has experienced and still have the level of passion and commitment that NDSU faculty and staff possess. (4.52) There are over 100 less of us to do the same amount of work. Their willingness to buckle down and get it done in spite of those challenges has been extraordinary. I want to give them great credit. They are very proud of what they

are accomplishing. Underlying that, is support of the funding formula is very, very important to us and is the provision of safe and secure environments. (5.21) Please skip to page 4. NDSU is proud of the fact that 94% of our students are there for traditional face to face education with faculty. We hear of on line delivery mechanisms. Some institutions are heavily

because that is what we believe is most attractive to students wanting to go full time. On-line education has its place for students who can't go full time or don't live close to the institution and need flexible hours. We do know though that students who attend on line, tend to graduate at a lower rate, and at a slower rate. ND has a huge workforce issue. NDSU is getting students though college faster and putting them in the workforce better than most institutions. (7.26) Almost all of the ND resident students remain in the state after graduation, and over half of out of state students stay in ND after graduation. We are very proud of that fact. Even though 94% of our students come to NDSU for face to face learning, almost half are taking on line classes. 6% of our students are on line only. We do focus with traditional, and complement with on-line. On page 5, the major accomplishments are listed. We are rated top 100 institutions in the state by the National Science Foundation. This is the only federally evaluated and coordinated of the performance of higher education. It is output based vs input based. The College of Health Professions has excelled in recent years and is about to again. Since I have come to NDSU, we have already twice doubled the enrollment of nurses and we are preparing to do it again. We will open the El Deveron tower addition. We have started a master of public health. That program has excelled dramatically. We produce all of the pharmacists in N.D. and beyond. (9.48) I highlight #4 is Catherine Cater Residence Hall, which is designed for sophomore students to meet the over 600 sophomores we usually have to turn away. They know you get better grades when you live on campus. Catherine is a building with over 400 beds. # 5- NDSU has become the ND post-secondary institution of choice for high school graduates. It is also the choice for out of state graduates wanting to go full time. # 6 is we steadily increased our student graduation success for several years now. That has put pressure on our sister institutions. # 7 – Highlights the IT infrastructure I mentioned earlier. Our state benefits from the IT infrastructure being delivered thought the two research universities. In the future, the K-12 will have to tap into this IT. See Attachment # 2. # 8 highlights three campus dining center that we have improved and enlarged. We know enrollment will continue to grow. # 9 show the dramatic support and enthusiasm from our alumni, friends, and corporate donors to NDSU. They are excited at what is happening. When I got to NDSU in 2010, we were doing $9 million annual fund raising. Since being a nationally ranked research university, that number grow to $56 million, then $58 million. We announced last week, the largest philanthropic gift to academic endeavors in N.D. state history. (14.48) # 10 on page 6, is the research and technology part. We are currently at capacity. 19 different firms with $69 million in salaries and 1000 on and off sights jobs. 464 of those jobs are NDSU grads. We have 100 student interns during the academic year. Go to page 7 under program goals. High quality best practice instruction and a curricula approved by the state board of higher education. Community and statewide educational services at the college level. Our scholarly chart went down a bit, but far less than what we expected. They realize that they state needs them to get the job done, regardless of the challenges put in front of them. Page 9 shows steadily increasing retention and graduation rates. I point out the 81% at the bottom of the page. 81 % of our students are involved in some sort of research by the time they graduate. Even at Ivy League colleges, that would be extraordinary. (18.06) On page 10, I point out that we are the only campus in the state that

has at least one person from every county in N.D. On page 11, it explains the shared services, collaborative programs and efficiencies. (19.33)

Chairman Holmberg: (19.50) As you start down the road with shared services, as a large campus with the unique needs you have; have you found, already, that some areas are difficult to do shared services with a very small campus?

Dr. Bresciani: That is one of the down sides to shared services. That is when a scale is different and underappreciated. I am not particularly fond of centralized services not at a campus. You get distance between delivery point and the provider. There is a lack of appreciation. Payroll is exact opposite because a payroll check is a payroll check. In how we deliver academic advising vs how we do it in Bottineau. The relationship between students and faculty and administration is dramatically different. The ratio is very different. How you can be efficient is very different, also. Not every service should be considered situated to be a shared service. Mechanical things it works, like paychecks. That area is where shared services is very successful. (21.23)

He continued with pages 13 through 16 is to highlight NDSU Research Overview. $1.9 billion of research expenditures since 2004. Institutions like UND and NDSU around the nation typically do $20-$30 millions of dollars of research productivity. These two do a quarter billion dollars a year in research productivity. You are getting a huge level of performance. On bottom of page 14, is the track record of expenditures of research. Between 2017-2018, we took a dip, but our faculty should be praised for keeping productivity high.

Senator Bekkedahl (23.30) These are impressive statistics. Are most of these research projects being done through the research extensions centers that NDSU operates statewide or more related to other academic areas?

Dr. Bresciani: Agriculture is our number 1 producer, but we are not limited to ag. The College of Health Professions is doing some great work in cancer research, especially pancreatic cancer. That is way outside the box of ag. We have more NAH grants than most research universities. NAH is very important because , most of the federal funded agencies are getting cuts themselves. NAH has less than most federal agencies because when people get sick, they want a cure. That agency has been more protected from cuts. AG is our number one. (24.51)

Dr. Bresciani: Continued on page 15 – the numbers of technologies and IP under management, potential patentable inventions, issued patents and patents pending. Those numbers exceed institutions 3-4 times our size. Because we are applied research institution, our faculty are focused on things that are going to have effective viability. We are not doing as much basic research. It is applied that has immediate use potential. (25.49) On page 16, is a highlight of national and international firms that we are already doing partnerships with. You see these are well known national and international firms already partnering with NDSU. This is even though the state is not supporting funds to this effort. We hope that will change. The state of ND wins, and we are just your tool. I am arguing for the state of N.D. not NDSU. On page 17 is the required summary of the budget reductions of the last biennium. Pages 18-19 are required data you can follow. Page 23 highlights what would be required for a form

4 cost of living and talks about Dunbar Hall. I remind you Dunbar Hall is a project previously approved by you based on oil tax revenue.

Chairman Holmberg: Can you tell us what the House is doing with that bill?

Dr. Bresciani: I would think they have the same vision, but I predict nothing.

Senator Grabinger: (28.32) Where is it that the money the university gets off those patents and the funding that goes back to them for their share?

Dr. Ken Grafton, NDSU Provost: The patent costs, up to 40% or a minimum of 30%, of patent reimbursements goes back to the inventor. That is after expenses like patent cots, etc. Then the remaining amount stays in NDSU research foundation to address additional discoveries. (29.42)

Senator Grabinger: We are not going to see where those numbers are and how much that money is?

Ken: Those monies would be in the NDSU research foundation budget. That is a separate entity. It is broken down in there. We could provide that for you.

Senator Grabinger: I would like to see that. (30.15)

Senator Hogue: I think we got that information during the higher education interim. I can probably find it.

Dr. Bresciani: On page 24 is highlighting the funding formula we support. We encourage full funding of the higher ed formula.

Chairman Holmberg: Do you have any heartburn about the bill requiring another look at the formula?

Dr. Bresciani: Yes and no. It addresses more of the liabilities we are willing to take on. The funding formula was a long tedious process to come with. It is rare to getter 11 college presidents to agree on something. To have of them agree that the formula works, speaks volumes to me. My PHD is in finance and it is a very complicated formula. In most state that try to go in and fic the funding formula, and within 10 years you are back to not having a funding formula. That is exactly what you had when I got here in 2010. I think this formula will stand up to critical review. (32.52)

Chairman Holmberg: I think you will find it parallel to what we did in elementary and secondary. We tinker and tinkered, and now we find there are issue and problems. In some issues and problems, it took lots of money in order to go back to where we started from. It's nice to take a look from time to time. (33.33)

Dr. Bresciani: I would be in full agreement with you. Looking at it and doing something are two different issues. Unless it is really broken, don't touch. There is not funding formula that you couldn't find something wrong. caution you. On page 25 is the second item I want to

highlight. That is system wide technology initiatives. Pages 26-29 highlight Dunbar Hall, which you saw before. Pages 30 and 31 is a project we removed from the table, but had originally requested. So by pass that. Pages 32-36 would be the second phase of replacing university village. We have done the first phase. On pages 34 and 35 is in indoor practice facility that will be all done with private funding. On page 36 would be a softball facility with all private funding. On page 39 would be the required executive budget including $40 million challenge grant and $20 million in research. Pages 40 - 41is a print out of executive budget. Page 42 is system data. Pages 45-52 are the House amendments. Page 47 - 48 are well intentioned desire by legislators to see more preferred maintenance to be addressed. Tier one is very usable for most campuses, but tier two and three would be very difficult to take advantage of. Tuition increases would be too high. I understand the motivations behind it. Tier two and three have great cost implications. NDSU has been very diligent and aggressive about the preferred maintenance. Dunbar Hall and Harris Hall will be big swipes out of our deferred maintenance. A good example is our heat plant. It is very old, but we have kept it up. We have been very diligent about staying after maintenance and addressing deferred maintenance issue and will continue to do that. On page 48 are House amendments and will not talk about. At that point, I bring closure to my presentation and ask for questions.

Senator Robinson: What is your level of deferred maintenance? You can get back to us on that. There is a concern out there that we have a mountain of deferred. (38.59)

Dr. Bresciani: I will ask Mike. Some of the other campuses are doing a good job.

Senator Robinson: Your comment on that you are able to take care of Dunbar and Harris Hall, will take a big chunk.

Senator Hogue: We talked in the interim about NDSU traditional on-campus experience. Other universities are moving towards more on-line education. Is the university receiving any external pressure to go on-line? (40.18)

Dr. Bresciani: Absolutely not. People who are career high ed professionals and experts, still strongly believe in tradition. The farther you go away from this, they say why do we need bricks and mortar? When I got into this field, it was predicted that bricks and mortar universities would not exist in 10-20 years. It is now 40 years later, and more students are enrolled in traditional than ever before in US history. We have shown great success in students wanting the traditional education. Some students do not want the traditional. We hear a lot of success of Arizona State University on line education programs. They have over 60,000 students enrolled. The story behind the story, is back in my days of working in the University of Arizona system, is there was no capacity for a population of 6 million people in that area to have the tradition experience for students. The only way to get educated in by on line. We don't have that environment in N.D. It is very important that NDSU stay with what students want.

Senator Hogue: Are you getting systematic pressure from external sources to change what you think is best for NDSU?

Dr. Bresciani: Certainly some, but not on the national level. Two year and regional colleges choose on line. Do we get pressure and questions, yes. We think our model is proving our success.

Senator Gary Lee: On page 10, and looking at the N.D. and M.N. number of students. Both states are growing. Are we going to be more dependent on MN growth then N.D.? Are we becoming more dependent on out of state?

Dr. Bresciani: What we are looking at for ND students, is we are flat or slightly declining for college age. Parts of the state are increasing. MN has a much stronger college age demographic. At 2025 it starts going down. We have to become dependent on out of state students. Some may find that highly controversial. We are not having enough babies in N.D. to fill the vacant jobs. I think we have a heck of a value. We have affordable higher education, cost of living is low, and many jobs waiting for college people. On economic standpoint, we need to be more dependent on out of state students. (46.48)

Senator Mathern: How are you addressing the local folks who want to attend NDSU, but do not meet the eligibility requirements? (47.26)

Dr. Bresciani: Our minimum entrance requirements are relatively modest. By state law, students who meet those requirements, we have to admit. Where we have tightened things up, is students who have very little chance of graduating from NDSU. A great story in 2010, a person came and said his son flunked out first semester. Then he transferred to another college and flunked out second semester. He then transferred to Bottineau and got all A's and B's and graduated. That is the beauty of this state. We are diverse and probably a college for everyone. I want those students to go to the right college. (49.20)

(**0.49.32) Senator Robinson**: In this last biennium, the university system downsized at 700 FTE's. Were any of those people key researchers and left and took the grants with them?

Dr. Bresciani: Absolutely. Some were key researchers. I would have to see what they took with them.

Senator Sorvaag: In sections 5,6,7, the office had problems with the House bill. Some other institutions had problems. Can you address that?

Dr. Bresciani: On page 15 of Attachment # 1. These have to do with the acquisition of facility space that had to be approved by legislature. It's also the 3% reserve on new construction. They sound good on the surface, but are very debilitating as far as responsiveness. NDSU has property all over the state. If you added up all the ground space of NDSU, it would be the city of Bismarck area. (51.5) Starting to require legislative approval would not be reasonable. We are proud of our maintenance schedules and how we address referred maintenance. 5,6,7 sections would be very burdensome.

Chairman Holmberg: Any more questions? Any more to testify?

Chase Grindberg, NDSU Student Body President: I am here to testify in favor of HB 1003. (Attachment #3), He addressed issues as the Challenge Grant Fund, Open Education resources, (OER's); students stand in support of faculty and staff pay increases. (56.23)

Chairman Holmberg: Any questions of Chase? You were born in 1996. Hearing is closed.

The following testimony was submitted after the hearing in support of HB 1003, specifically the professional student exchange program (PSEP)

#4 - Testimony of Dr. Charly Stansbery, NDVMA

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1003 (NDUS- ND Forest Service)
3/19/2019
JOB # 33988

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Alice Delzer / Florence Mayer

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation to defray the expenses of the NDUS (ND Forest Service)

Minutes:

1.NDSU ND Forest Service Biennial Budget Request
2.Testimony of Tom Claeys, Interim State Forester

Chairman Holmberg: Called the Committee to order on HB 1003 in regards to the ND Forest Service. All committee members were present. Alex Cronquist, Legislative Council and Renae Bloms, OMB were also present.

Tom Claeys, ND Interim State Forrester: Testified in favor of HB 1003. Provided Attachment #1, which give the mission statement and budget requests for the biennium. Also provided Attachment #2, which was his written testimony.

(14:48) Chairman Holmberg: On your section that says "gifts", is that the money that is collected on the state income tax?

Tom Claeys, ND Interim State Forrester: That is one place where gifts are rolled in. Not only the income tax check off, the Trees for ND Trust Fund, but also for direct gifts.

Chairman Holmberg: Do you know how much roughly comes in from the income tax item?

Tom Claeys, ND Interim State Forrester: Yes, the average for the last 3-years is $34,000 and change. We turn that money back around and make it available to communities through grants.

Senator Mathern: We hear your budget and we hear the transportation budget. With all this snow we have, why don't we have more living snow fences? Driving between here and Fargo, when there are trees, the highway is clear. What is the barrier to getting that done?

Tom Claeys, ND Interim State Forrester: I worked in that program for 10 years following the catastrophic winters of 1996-97. We came together very closely with the Department of Emergency Services. We received a FEMA hazard mitigation grant, DOT kicked in the additional money and we created a cost share program that not only paid for all the trees but

also a 10-year lump sum land rental payment, plus maintenance costs. Not only for the area, we had planted, but the area where the snow lay on the windward side. The difficulty is taking good Agriculture land out of production. It is a concern for landowners. We have had a great deal of successes on county and township roads. They use those roads to get to town. People had less inclination to help on the interstate. They don't use those roads every day. That $5.6M program, it ran 10 years with fantastic incentives.

Senator Mathern: Why is it not in your request here?

Tom Claeys, ND Interim State Forrester: We have found in the wake of a disaster there is a lot of interest. We have had relatively easy winters since 1996-97. People are starting to talk about them again after we have a catastrophic winter. We haven't had the ground swell, conversations, and support at this time. We had no conversations with DOT or DES. It's a great question. I see the need for it.

Chairman Holmberg: Additional questions? Let the record show that the Democrats are in the majority right now.
We will close the hearing on HB 1003. We start tomorrow at 8:30 am.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1003 – Minot State University
3/20/2019
Job # 34053

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Rose Laning / Carie Winings

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota university system.

Minutes: Testimony # 1 – 2.

Legislative Council: Alex Cronquist
OMB: Renae Bloms

Senator Krebsbach called the committee to order on HB 1003 for Minot State University.

Dr. Steve Shirley, President, Minot State University:
Minot State University testimony – attached # 1.

(12:21) Senator Bekkedahl: Being from Williston I have had teachers in eastern Montana as well as western North Dakota ask me if Minot State has reinstituted their Master's program in Music. There is kind of a void in that whole area for that master's degree?

Dr. Steve Shirley: That conversation has come up and there is not. I appreciate that you are hearing that. Maybe there is more demand out there now then there once was.
(13:00) Continued with testimony on Budget Reduction Impacts.

(16:42) Senator Robinson: Where are you with and what has happened with Minot and Canadian students?

Dr. Steve Shirley: As of fall of 2018, we have about half as many Canadian students as we had about 5 years ago. Our Canadian members, a few years ago, were about 300 students, and I believe we are at 155 this fall. We have looked into that, and as much as anything we have found that the provinces of Manitoba and Saskatchewan have put together a you're your own at home type of program. They have been working to keep their 17-18-19 year olds at home.

Senator Robinson: Minot state has one tuition level correct?

Dr. Steve Shirley: We do.

Senator Robinson: Has that been positive for you and to what extent?

Dr. Steve Shirley: That question comes up a lot. Minot State has one rate of tuition regardless of residency. It's been about 10 years since we've had that program. It is kind of an unknown that you are trying to answer. With the elasticity of demand, it is hard to know if we were charging regular out of state, would we have had the growth that we have had with out of state students? Probably not because most of those students are coming here, but how much of a change would that have been? We certainly have more out of state and international students that we had once upon a time. But we still, for a campus of our type, a fairly non-diverse campus. That was part of the rationale a decade ago; to try to create more diversity on campus. Coming out of the flood, oil impacts, and changes going on in the north central and north western part of the state, had we not had that one rate of tuition, I don't know what we would look like.

Senator Bekkedahl: On your headcount of new freshman, with most of the campuses we have been asking questions about how many of those are face to face and how many are online. When I look at Minot State, it has always been a very face to face campus. Is it still that way?

Dr. Steve Shirley: We are still primarily, as the short answer. This last fall, about 15 1/2% of our students were online only. Another 15% were a combination, or partially online. It could be that they just have one online and the other classes face to face and they live in the residence home. Your right, Minot has traditionally been more of a face to face campus.
(20:11) Handed out North Dakota Challenge Grant – attached # 2.

(25:41) Senator Bekkedahl: On the statistic of out of state and in state; instate the 32% includes instate gifts plus the challenge grant from the state. Is that what you are saying?

Dr. Steve Shirley: No, if you add up the two pieces of the pie chart, the $7.719 million and the $3.68 million, that should add up to $11.4 million. That is just the donor portion. It does not include the state dollar portion of it.

Senator Bekkedahl: In the out of state portion being so much larger, 3 things I can think of, either you are marketing is better to out of state, you have way more graduates that are from out of state that have stayed in the state in the history of the institution, or does the tax policy of those states impact this? It is just a policy question.

Dr. Steve Shirley: I think on the policy side; the third one is less likely. On the first two ideas, those are interesting questions. I don't know that we marketed better to out of state. That's a federal issue. Then probably not. It is an interesting question.

(27:35) Senator Robinson: Your comments on the challenge grant are consistent with what we have heard. It is a tremendously successful program. I don't know if the committee is aware that Senator Grabinger and Senator Krebsbach serve on the challenge grant committee. We have also heard from the chancellor and the president of the board more about the shares services within the university system. As a member of the staff at a small

college in Valley City, the other thing we do is our foundation officers have a tremendous positive relationship and we are constantly asking one another questions and sharing ideas. Kudos to Minot State and Rick. Twice in the last couple of years we have been in a situation with the challenge grant, and most recent was the end of the challenge grant year and we had a small pool of money. In reality the amount of dollars that Minot State had of requested could have consumed most if not all of that, and Rick offered to reduce the amount of money Minot State would request so everyone would participate in that pool. That speaks volumes. That is the comradery that we have within that foundation officers group, and it is something that we don't talk about. He didn't have to do that, and he has done it twice.

(29:43) Senator Krebsbach: Back on Page 1, Attachment #1, on the new academic programs, can you talk a bit about those three programs?

Dr. Steve Shirley: Entrepreneurship is the first undergraduate major in western and central North Dakota. The classes are full. We just had our first student graduate from that program in December. Our numbers are good and we think there is a real growth area going forward with that. The gift that was matched was a $2 million gift and that was to endow an entrepreneurship position. Medicinal plant chemistry is a new track within our chemistry area and it is not a full blown bachelor's degree. It is in the chemistry major. That is with the increase in states that are adopting medical marijuana. It is to ensure there are trained professionals to work on the chemistry side of that. It is a very rigorous chemistry program. It has ties with the craft beer industry. Early childhood education – that was a new delivery program with Headstart at New Town. I do not know the ins and outs of things, but the credentials that Headstart folks have to have in another year or two will be such that they need a degree. Now we have several of the other tribal communities looking for this via distance as well.

(32:31) Senator Krebsbach: What is the percentage of students are from the Native American community?

Dr. Steve Shirley: I don't know it off the top of my head. I think proportionately we are 2nd in the state to UND. We have a pretty good number.

(32:50) Brent Winiger, Vice President for Administration and Finance, Minot State University: Reviewed Page 6, Attachment #1.

Dr. Steve Shirley: Closed his remarks.

Senator Krebsbach: Adjourned the hearing on HB 1003.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1003-Dakota College at Bottineau
3/20/2019
JOB # 34059

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Alice Delzer / Florence Mayer

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation to defray the expenses of the NDUS (Dakota College at Bottineau).

Minutes: 1.Dakota College at Bottineau (9 pages)

V. Chairman Krebsbach: Called the Committee to order on HB 1003 regarding the Dakota College at Bottineau. All committee members were present. Chris Kadrmas, Legislative Council and Renae Bloms, OMB were also present.

Dr. Steve Shirley, President, Minot State University: Introduced the Dean of Dakota College of Bottineau.

Dr. Jerry Migler, Campus Dean, Dakota College of Bottineau: I am an alumni and that college has had a powerful effect on my life. I grew up on a farm by Balta. I is about 20 miles south of Rugby. I was a 1st generation college student. My parents were from a generation where an 8th grade education was really all you needed. I graduated from Rugby High School. I did not have the role models, and a friend of mine was going to NDSU Bottineau and he asked me to come up and go to school with him. It changed my life. It was the small classes and it built my confidence. I had the foundation that I needed, and then I transferred to NDSU and got my bachelors and master's degree in AG education. It started me on a career. When I did my doctorate work, I had a choice of going into being a professor at a research university or going back to community colleges, and I go back to that experience NDSU Bottineau. I decided that is where I wanted to be. I owe a lot to this little school. It is not just my story. It is the story of a lot of people that started out at small schools like Dakota College.

V. Chairman Krebsbach: I Went to school for my first 8 grades in a little town about 8 miles east of Balta.

Dr. Migler: I have been there.
(3:25) See Attachment # 1 for testimony. Reviewed Page 3. Enrollment around 1000 students. There are 350 to 400 full time students, and most are on the Bottineau campus. There are another 100 in Minot with most of those being in the nursing program at Trinity and also some in Valley City. We have 80 to 100 in our farm business management program

between Rugby and Minot. We have about 300 students in dual credit in 40 different high schools and some on on-line. We are doing a lot to be diversified. Interestingly, at least 40% of our students are taking at least one online courses. Even with that large amount of students taking courses on-line, over 90% have ND addresses. We have a substantial reach. We really focus on north central North Dakota, but our reach further than you might think. We have our own grant writer who works full time. Some of the more specialized equipment or our mannequins for the nursing program are expensive. In Agriculture, we are focusing on working with small producers such as garlic or vegetables. We have doubled enrollment at the Trinity Hospital site in the last 3-years.

() V. Chairman Krebsbach: One of the important things is the graduation rate and scores with this program.

Dr. Migler: We have a good record of accomplishment. We are at almost 100%.
Continued with Attachment #1 page 2, regarding partnerships and efficiencies. We are even into the mental health area with councilors on some of our campuses. There are so many partnerships happening across the state. Explained the graphs on page 4. We are looking to retain our retention rate between year 1 and year 2. Right now, it is a little over 40%. We are probably higher on the transfer end of things. When I worked in Wahpeton, we had community relations. We are doing the same thing in Minot with trying to keep our workforce local.

Brent Winiger, Minot State University & Dakota College at Bottineau: Testified in favor of HB 1003. Continued on page 5 of Attachment #1, regarding the budget break down.

(22:19) V. Chairman Krebsbach: Any questions? (There was none.)

Dr. Migler: The last section addresses capital projects. We have 3 projects, all very critical. Our Nelson Science Center is in need of finishing phase 2. We didn't have the funding to complete it (pictured on page 7 of Attachment #1). We need funding to complete the ductwork and tables and chairs and dedicated lab equipment. We need $1.17M in order to complete that. It is in the top 10 projects forwarded by the university system. Our second project is backup boiler. We have a main coal fired oiler. No natural gas to the city at all. If the main boiler goes down, our backup boiler cannot keep the campus going. If we have a stretch of cold weather, we will have to make decisions which buildings we would not heat (pictured on page 8 of Attachment #1). The 3rd project is revenue bond authority to complete an addition for a new dining Center (pictured on pages 8-9). It was built in the 1960s in a basement of a residence hall, with no handicap access. We eventually want to renovate our residence halls and this is the first step.

(28:06) Senator Mathern: In terms of the coal and the boiler, it appears there are some institutions where the railroad says they won't deliver. Do you get it by rail?

Dr. Migler: We have it trucked in.

Senator Mathern: Is there any discussion with economic development folks about the possibility of a gas line coming into Bottineau?

Dr. Migler: It is a long-term discussion. We would love to see it, but it won't be anytime soon.

Senator Robinson: Firstly, are you going to continue your contract with your food service?

Dr. Migler: We are going out on bids this year. It is our 10-year window.

Senator Robinson: In Valley City, we have the Dakota College nursing program. Most of those folks have stayed local. Want to thank you for your work on hiring a new president. Lastly, in a unique way Bottineau goes the extra mile. Our oldest attended that college. The admissions counselor was a Valley City graduate; she put my mind at ease. She said students aren't a number like in Valley City. They went above and beyond. Our son went from a very reluctant mind frame to being ready for everything. He has been all over the country working with many people.

V. Chairman Krebsbach: Your capital projects, where are they with the higher board of education?

Dr. Migler: They are ranked in the top 10.

V. Chairman Krebsbach: Any further questions? Seeing none, we will close the hearing on this portion of HB 1003.

Don Morton, State Board of Higher Ed: Just want to say one thing about out of state students. We get push back about how it's not fair to our taxpayers. Let's keep in mind we don't pay for their k-12 education. They come to ND and they spend money in those cities. College students are part of the workforce, they make for vibrant communities. In the first year out of graduation a high percentage are still in the state. Eventually 1 out of 6 out of state students, nationwide, will stay where they went to school. North Dakota students will migrate home too. Thank you to the committee.

V. Chairman Krebsbach: I've been impressed with your sticking with us every hour of every day for these hearings.

Mr. Morton: It is a great chance for me to stay current with what's going on. We want to make sure we appreciate what they do.

Chairman Holmberg: Briefly covered the schedule for next week. The hearing was closed on HB 1003 regarding Dakota College at Bottineau.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1003 – Williston State College
3/25/2019
Job #34185

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Rose Laning and Alicia Larsgaard

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation to defray the expenses of the NDUS (WSC).

Minutes: Testimony # 1.

Legislative Council: Alex Cronquist
OMB: Renae Bloms

Chairman Holmberg: Called the committee to order on HB 1003 – Williston State College. Roll call was taken.

John Miller, President, Williston State College
Williston State College 2019 Legislative Presentation – Attached # 1.
Thanked the committee for their assistance in scheduling and began presentation.

(18:46) Senator Bekkedahl: You have one large dorm on campus and people wanted to double up and get apartment. The apartments are at 95% capacity and rent is starting to rise again. Is your dormitory full? Do you ever see a need for expanded housing for students?

John Miller: As apartment prices go up in Williston, we attracted more students back. There is an extra foundation incentive that those students who received regional scholarships also get a housing scholarship. We are at 87% occupancy right now. We were full in the fall. It is normal to have a little difference between the fall and the spring. Are traditional numbers have been in the low 60s in the spring. So, we have more students that are staying. We have three smaller resident halls that are filled. As far as looking at new facilities, our foundation owns two apartment buildings on campus. We position ourselves so we can use some of those facilities moving forward as we have a greater need for residential adjustments. We are a regional school and look at demographics. Many live within 65 miles of Williston. There are a lot of students who choose to live at home and save money. The growth is deceptive about where we need to grow with the dorms. I think we're in pretty good shape there.
(21:13) Continued reading his testimony.

(40:14) Senator Bekkedahl: The average ND salary is $75,000. When you break it down to the city level it is $90,000. You are competing with that dynamic where most of your students

and staff come from. It's more of a challenge than you've projected. I do know that one of the things you have not been able to do because of the tight budgets are pay enhancements. The city and the county has done pay enhancements. You are competing against those sectors. The energy industry has done that as well. They have done pay enhancements for the region. On the state side, we have seen pay enhancements from the Department of Human Services with the Human Service Center. We are also seeing it with the DOT because of critical staff shortages. In terms of state institutions, you are only one up there that has not been able to deal with that issue because of the funding parameters you are under. I think that is a critical issue for you. I do not see it getting better. We have so many job openings so we are starting to see people cannibalizing people from other systems. I agree you have an issue up there and as President, it must be tough to run the institution with that level of turnover. Not to mention, the difficulty in filling positions as well.

John Miller: You are right. Some other tools would be a game changer for us. Our CFO is very capable. He brings audit experience. We were lucky to get him. We've got the 6th CFO that WSC had had in the last 5 years. The turnover is a real challenge. When you look through our audits findings, we will remiss on them. Some of them have to do with a lot of gaps which we are going to take over. This is a challenge that will get more challenging as the time goes.

Mark Hagerott, Chancellor, North Dakota University System
Thanked John Miller and his staff for holding things together. We're eating our seed corn up there. The people that are regenerating knowledge and helping are kids get ahead; we are overloading classes. We could offer more if we could have more resources to keep these people. We have a wave of 40,000-80,000 new jobs coming in. They are good jobs but you have to have the credentials for them. It would be great if ND kids could have these good jobs that can get to the school and provide those programs. You will be hearing this from BSC as well. If you have innovative ideas to help us solve this problem, we welcome your insight.

Chairman Holmberg: Closed the hearing on HB 1003 on Williston State College.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1003 – Bismarck State College
3/25/2019
Job #34188

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Rose Laning and Alicia Larsgaard

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation to defray the expenses of the NDUS (BSC).

Minutes: Testimony # 1.

Legislative Council: Alex Cronquist
OMB: Renae Bloms

Chairman Holmberg: Called the committee to order on HB 1003 – Bismarck State College.

Larry C. Skogen, President, Bismarck State College
Bismarck State College, ND Senate Appropriations HB 1003 – Attached # 1.

(2:52) Chairman Holmberg: Do you have comment about the tiered system in here?

Larry Skogen: That wasn't in here, but Dave Clark (Executive Vice President) will speak to it later.
Continued testimony on **Page 4**.

(14:04) Senator Bekkedahl: I see Wyoming has no students here. Is that because of their scholarship program? – **(Page 14)**

Larry Skogen: The scholarship program and they also have a wonderful two-year college system. They have one four-year college in Wyoming, but have 13 two year colleges. They have a few that do well in the energy industry.
Continued testimony on **Page 13**.

(29:12) Senator Krebsbach: I noticed that you have 10.45 listed as needed for renovation and expansion. Is that on that future building for your health sciences? – **(Page 26)**

Larry Skogen: Yes. If you go to page 27 the purchase price of the building is $6.5 M. The renovation cost is $5 M. The total purchase and renovation is $11.5 M. We did receive a donation of $2 M. One million of that is designated for scholarships $1 M is towards the renovation. I have here asking you for the $10.4 M.

Senator Krebsbach: I thought you indicated that the foundation is going to fund the renovation?

Larry Skogen: The foundation is going to purchase in debt and renovate in debt.

Senator Krebsbach: Is there any proposed legislation at this time to cover any of this?

Larry Skogen: No. I am here pleading for $10.5 M. The foundation has stepped up and said they will assume that debt, renovate the building and lease back to us. That is $400,000 a year to help them pay that debt. That comes out of our operational fund. That is more than double what we are currently paying for lease. This is not about a nice to do for BSC. This is an absolutely necessary step that BSC took for workforce needs in central ND. We would appreciate that support for $10.5 M so we can buy that building from the foundation, pay off the renovation, and stand up these programs in the facility in the numbers which I showed you earlier.

Chairman Holmberg: Was this part of discussion on SB 2297?

Larry Skogen: It was not.

Chairman Holmberg: That bill is still over there. I am just saying. Please continue.

Larry Skogen: This is not just something that is nice to do for BSC. This is something that is critical to central and western ND. It would be really nice if HB 1003 went to conference with $10.5 M in it for BSC.
Continued testimony on **Page 28**.

(34:29) Dave Clark, Executive Vice President, Bismarck State College
Speaking on Page 3.
There was a line item added called the capitol building fund in HB 1003 for $1.7 M. That is made up of a dedicated 1% tuition hike. It is made up of matching funds from the Bank of North Dakota. It is also matched 1 to 1 by internal institutional funds. BSC is supportive of this mechanism. In our case, our campus is newer than most. We don't have a long list of deferred maintenance and extra repair projects. The tier three funding is in the system office budget, but not for campus budget. In our case, we do not have a need for the tier three funding but certainly for the tier 2 funding that is in HB 1003.

Chairman Holmberg: It depends on how it impacts the campus. I know one of the large campuses has some have heartburn over the tier system where others are not as impacted by it.

Chairman Holmberg: Closed the hearing on HB 1003.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1003
3/27/2019
JOB # 34303

☒ Subcommittee
☐ Conference Committee

Committee Clerk: Alice Delzer / Carie Winings

Explanation or reason for introduction of bill/resolution:

A Subcommittee hearing for Department of Higher Education. (NDUS)

Minutes:

1.Senate Appropriations Committee Engrossed 2019 HB 1003 (List of appropriation needs)

Chairman Holmberg: Called the Subcommittee to order in reference to HB 1003, NDUS. Let the record show that all members were present: Chairman Holmberg, Senator Krebsbach and Senator Robinson. Renae Bloms, OMB and Alex Cronquist, Legislative Council were also present.

David Krebsbach, Director of Finance, NDUS: See Attachment # 1 for a list of appropriation needs for the department of higher ed.

Darin King, Vice Chancellor for IT, NDUS: I think the items that deal specifically in the technology area that I wanted to have an opportunity to talk with you about. If you take a look at our requested appropriations there was one called the digital initiative. This stems from the last session where we were asked to study high performance computing and research networking. We did that, and this is a result of that. Really, with the conversations around research at Higher Ed and trying to augment that, this is a critical piece to that. This the IT infrastructure it takes to run. There are 3 things in the research infrastructure; the network piece, the high performance computing, the research computing piece, and then there is also the human capital involved. If you think about it that way, the request contains $1.7 million to support the research network. That funding during the budget drawdowns went back and the campuses have been trying to pay for that. That is operational dollar amount to run – the research – the high speed networks for the year. We do have reserves built up to be able to update that network. The operations and to keep that network running. Our intent is to continue to try to manage the growth of that. Right now we are at 10 gigabits, and we need to be at 100 to be with the rest of the research network. We have a plan in place to do that. The remaining $4 million addresses the other piece and that would be the high performance computing. Research computing – infrastructure that we already have. We have infrastructure in that regard in both at NDSU and UND. Then also to address the human capital piece. Right now as we start to talk about trying to do more and more research, the resources that we need from a people standpoint come into advanced informatics and data scientist type people. Trying to build a very small modest bench of people in the university

system that have that level of expertise. We certainly know that there are consultants that can help us with that too, but we know that also there is a timeliness aspect of having people on the campus that can help our researchers in real time. That is the digital initiative.

(4:30) Chairman Holmberg: So you are talking a total of $5.7 million? (That was confirmed.) On this list you gave us, is it that none of the funding items are in the bill we have in front of us, and these are all additions?

Darin King: Correct. I was going to point out two more that revolve around my area in case you have questions. Right below the digital initiative you will see IT security there. Like everyone we are concerned about that. We see definitely collaborating with ITD as an important piece of what we do. These are specific positions for operational security. That is the day to day management of it. We can buy all of the tools that we want, but we need people to be able to work with those tools and understand those tools in order to do the things they need to do on a day to day basis. Our vision of this is to build this out using student interns. 2 is not enough but 2 would be enough to build an operational security group for the university system using student interns. We really think the growth in our cyber programs at UND, NDSU, Bismarck State, and Minot State, etc. We have campuses that are ramping up the ability to turn out the young professionals in this area. We see this as a great opportunity to give those students a real world internship during their education. That is down the road. We certainly have work to do to get there, but that would be a long-term vision of what we would have. Partnering with ITD in that too, because part of their request is operational security also and how do we build this intelligence between these two systems so that we get the maximum bang for our buck out of it.

Senator Krebsbach: We've been dealing with the unification system with ITD on a lot of other bills. Is Higher Ed going to be part of that unification?

Darin King: Right now, we have it in our envision 2030 document that we will work with ITD on cyber security. We have already stated that as a university system. Unification is a much broader topic. In the cyberspace, absolutely we want to work them as closely as possible. In the top section, under system office appropriations, there is a line in there for core technology services. That is to replace positions for Connect North Dakota, which we provide for all campuses money that was previously in the student loan trust fund. It is a relatively modest amount that takes care of about 6 FTE's to support Connect ND for all the campuses. We do have another funding mechanism for Connect North Dakota, and that is charged on a per credit basis to students. So we could make a relatively modest in that student fee to offset this cost also.

Chairman Holmberg: And you don't need our permission to do that?

Darin King: You are correct.

(8:57) David Krebsbach: I will go over the sheets I handed out to you. (Attachment #1)

Chairman Holmberg: So you are saying that under system wide institution, that the VCSU request would be the top priority if we were going to put money in that area?

David Krebsbach: That is correct.

Chairman Holmberg: That helps. We only have so much in the cream can, and after we get done with UND, Mayville State, and Valley City it will be empty.

David Krebsbach: (Returned to Attachment #1) Under the System Office Appropriations request, the Academic and CTE scholarship, based on our budget projections of graduating seniors, we expect that we would be short $2.9 million over the next 2 years in that scholarship and so we are asking for that addition.

Chairman Holmberg: Is that the merit based? Or is it the needs, or both?

David Krebsbach: That is the merit based.

Chairman Holmberg: But you have flexibility don't you if you are short?

David Krebsbach: I believe you are correct. We could decrease the amount of the individual awards.

Chairman Holmberg: In the budge they did some increasing of the needs based.

David Krebsbach: That is correct. (Returned to Attachment #1) The next line item was system governance FTE position for Director of Academic Programs. This person would be responsible for implementing the NDUS academic policies, procedures, and initiatives including academic program approval in statewide research initiatives. This was eliminated in the 2015 budget reductions that were done. There is another FTE position for Director of Workforce and Research Development and this one would be a position to coordinate research between the research universities and facilitate emerging technology and other research. Facilitate integration adaption of system wide workforce programs. (Briefly went over the remaining of System Office Appropriations Section)

(12:34) Chairman Holmberg: I have a question on one of the pieces of the information because when you look at the green sheet you would think differently. You have 148 FTEs but they are not all upstairs on the 10th floor. What is your body count up on the 10th floor?

David Krebsbach: Our count is 23 FTEs upstairs.

Chairman Holmberg: Then you have the IT building. Those people count in your 148.

David Krebsbach: Core Technology Services in Grand Forks has slightly over 100 people.

Chairman Holmberg: Where are the rest of the 148?

David Krebsbach: Part of Darin's group is in Fargo, and then the rest are up in Grand Forks.

Chairman Holmberg: Is there anything else on the system office appropriation? You can go to the next area.

(14:24) David Krebsbach: Moved to the Section on Systemwide & Institution Appropriations. The first item is the funding formula correction for the funding formula factor.

Chairman Holmberg: We are aware of that, and that was explained to us and it is even on the Legislative Council Higher Ed sheet we got. We just assumed we were going to do it.

David Krebsbach: Moved to Campus Workforce Initiative Pool.

Chairman Holmberg: Is that the cost of the Polytech model or is that an additional ask under BSC?

David Krebsbach: This is the cost of implementing the model.

Chairman Holmberg: We have to make sure that we are not doubling up.

Alex Cronquist, Legislative Council: I believe that their ask is here in the $5 million for the Polytech implementation.

David Krebsbach: No separate money has been added.
Returned to Campus Research Initiative Pool, Law School Appropriation, and Theodore Roosevelt Digitization Project, Accept special funds increase, Attachment #1.

(18:27) Chairman Holmberg: What kind of special funds are you talking about?

David Krebsbach: These were largely grants, contracts, and some tuition dollars that institutions increased over what their base was because they are trying to adjust their special funds to what they expect they are going to spend. So, they were increases in several different areas of their special funds.

Chairman Holmberg: Was there a formula or some kind of criteria used to reduce or not accept them?

Alex Cronquist: It was just missed in the first half, and because they have that section that allows them to accept and spend any special funds beyond what is appropriated that it was not seen as something they cared to do.

Chairman Holmberg: So it is not a big deal.

Alex Cronquist: Right, but if we are doing an amendment in this chamber, then we should do that.

(19:34) David Krebsbach: Returned to Digital Transformation, Campus Academic, Common Enrollment Management System, Academic Pathways, College & Career Development Coordinators, Common Course Catalog, Education/Workforce Development Dashboard, and eProcurement System, Attachment #1.

(22:30) Chairman Holmberg: You won't get everything on the list, but it doesn't hurt to ask.

David Krebsbach: We realize that.

Chairman Holmberg: Let's stop there. My understanding is that we need a tutorial on the capital building fund idea at some point, because some people seem to like it. The House leadership really seems to like it. We will set aside a meeting and just talk about that. I am glad they are going to get rid of the gallery apartments. Was that request approved by the board?

David Krebsbach: Yes, they did.

Chairman Holmberg: Was this turned down by the House, or was it not part of that discussion?

David Krebsbach: You are correct. These are new items.

Chairman Holmberg: That is good to know. If they haven't turned them down, it is much easier to advance out. What is 1225 Stanford Road? I am trying to think where that is. that would be over by school for the blind. Just south of school for the blind is campus buildings.

David Krebsbach: We can get you information on exactly where it is.

Chairman Holmberg: Just going from the bottom up, as I understand, the House was going to look at the $20 million for the Gamble Hall replacement in that bill they have which I believe is going to become a combination of bonding and paying. I believe the BSC building is also going to be there, but we have to coordinate. I know they are looking at doing something at Lake Region. This budget will have enough in it that to put in buildings would be a heavy lifting though. It's part of what they are doing now, but that doesn't mean you forget about them. It is just that we might, at the end of the day, not do anything with them because the House will do something with them. On building authority, there is the $80 million at UND, $25 million parking lot there as well; I believe they are looking at Dakota College too. There is the dining facility, and the other two are already in here, correct? Was the $80 million in here? – no, not the building authority.

Alex Cronquist: No.

Chairman Holmberg: We don't want you sitting here looking for a building that might get taken care of elsewhere.

David Krebsbach: Thank you for your time.

Chairman Holmberg: We will be getting this scheduled. Adjourned the subcommittee on HB 1003.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1003
4/1/2019
JOB # 34422

☒ Subcommittee
☐ Conference Committee

Committee Clerk: Alice Delzer / Florence Mayer

Explanation or reason for introduction of bill/resolution:

A Subcommittee hearing regarding the NDUS (Higher Ed).

Minutes:

1.Capital Building Fund (Tiers 1,2,3
2. Extraordinary Repairs & Match Requirement.
3. 2018 NDUS Capital Project Worksheet
4. Senate Appropriations Committee Engrossed 2019 HB 1003 worksheet

Chairman Holmberg: Called the Subcommittee to order on HB 1003. Let the record show that all members were present: Chairman Holmberg, Senator Krebsbach and Senator Robinson. Alex Cronquist, Legislative Council and Renae Bloms, OMB were also present.

Chairman Holmberg: We have some information we need and we also need to start giving Alex things on your list of things you want to really see included in the budget. That does not mean we are voting on them. We are just going to talk about them. We have the long sheets and then we have something from the board. This first one is essentially a green sheet, just printed out on a larger piece of paper with the various changes. Chairman Holmberg: asked if either one of the Senators had anything to add to the list for Alex to work on. They both replied that they are working on it.

Chairman Holmberg: I would suggest, because it has to be put together, that we look at a change in the formula for the law school. That we perhaps change the formula so that we add $2.25 Million dollars to their base budget as on-going funding. We need to get started there; I do not think that we will find any interest. I do not sense an interest in the legal fees doing that. Toes have gone in the water and they have come back chilly.

Senator Krebsbach: The one thing I am very interested in seeing, is the challenge fund dollars increased.

Senator Robinson: I am supportive of that.

Chairman Holmberg: Do you have an amount for starting?

Senator Krebsbach: $30 million dollars.

Chairman Holmberg: Right now, it is $2.2 million. Can we have a number that will not cause laughter and throwing things? The last time they had $200,000 each. We should at least more than double each campus.

(0.4:22) Senator Krebsbach: I definitely would like to see it increased. There has been some talk and discussion on distribution of whatever we do. In the past, we at Minot State have always needed more. We have been successful because some of them have not utilized it and we have gotten more. If there was some way to pro-rate, so that it would be a fair evaluation of it. It has even been suggested basing it on credit hours or something like that. I do not know how this would work, but I would just like to see some type of a system.

Chairman Holmberg: So right now, it is just a blanket check and you would like to see if there is some way to spread it out? One has to be careful, if it is by credit hours. A number of things kind of lean towards the big schools. You have to do some protection of the big schools.

Senator Krebsbach: I do not know what would be a fair way to do it. I would like to see some type of a system, whereby some of the units that raise more money could somehow utilize the program a little bit more.

Chairman Holmberg: What was the experience last cycle for the 2-year schools? Did they meet the match or did they leave money on the table?

Senator Robinson: I am not on the committee but I attended most, if not all, of the meetings. I think BSC and Wahpeton were fine. Devil's Lake struggled with it a little bit. Devil's Lake got it at the end. Dakota College struggled because they lost their foundation officer for several months. Although at the end of the day, they come back and claim the majority of their dollars. The program has been highly successful. I do not know what level is fair. We were at $200,000 before.

(0.6:57) Chairman Holmberg: If they struggle at $200,000, they might struggle at $500,000. Can you put them into a pod of sorts? UND and NDSU are not going to have any trouble meeting the match. You probably will not have trouble, but are you talking about the money left on the table that was going to go to the 2-year schools that you could have utilized. I know I have heard that, about Minot having that issue.

Senator Krebsbach: It started out at $29 million. That gave each of the two universities in the East $10 million each. Then there was $1 million for each of the other nine institutions. Then it was cut down the second time, to considerably less. The last time we just barely kept the program alive.

Chairman Holmberg: In the original, didn't we allow them much greater flexibility?

Senator Krebsbach: The second time we put in a blanket amount. I forget the amount, but there was an amount left for any institutions that had utilized their quota. That helped Minot

State at that time. We were the first ones to be done. It was on a first come, first serve basis at that time. Whether we do a pool like that or something. Just to have a few extra dollars for the ones that can get out and get the job done.

Chairman Holmberg: Does a pool scare you without limits? Having a pool for all of the money. Wouldn't that make some campuses nervous?

Senator Krebsbach: It would not be fair. You have to designate so much for each institution.

Chairman Holmberg: How about then having "X" and then if by a certain date they are unable to certify that they could meet the match then the money goes into a pool?

(09:51) Alex Cronquist, Legislative Council: That currently happens for the nine non-research institutions. If they don't use up all the funding that is allocated to them by January 1st of the second year of the biennium, that money goes into a pool and it's on a first come, first serve of those nine institutions.

Chairman Holmberg: Who allots that money from that pool?

Alex Cronquist: There is a challenge grant fund.

Chairman Holmberg: Oh, okay. You want to keep the research universities out.

Alex Cronquist: They are separate right now, in law. If UND didn't use all of theirs I believe NDSU could use the leftover after January 1st. The other nine institutions are separate with a separate pot.

Chairman Holmberg: So do you have an amount that we can think about? Remembering we are not done with the budget.

Senator Krebsbach: $10M total.

(0.11:55) Chairman Holmberg: But how is it divided?

Senator Krebsbach: We will figure that out in the next day or so.

Chairman Holmberg: Well I guess we will put that on the list. However, you put them in two categories.

Senator Krebsbach: Keep in mind, the Governor had put in $40 million for this project.

Senator Robinson: For discussion purposes, we could look at that and mull it over until we meet again. That would provide us an opportunity to do maybe twice the amount or more for the two large universities. Then something in excess of what we do for the rest of them for Minot state. Maybe in the middle somewhere. It is tough. When you look at Dakota College for example, it is my understanding they have a new foundation officer on hand. They certainly have their needs up there and they are in the middle of a capital campaign right now. There are all kinds of variations. Wahpeton has a lot of contacts with the business and

industrial side of things. BSC with energy. It is a tough call, but it is a very popular program and it has been highly successful. We had a waiting list, in fact we still do, this would go into effect July 1st. Senator Krebsbach and Senator Grabinger sit on the committee.

(0.13:51) Chairman Holmberg: How about if you did $2 million for UND, $2 million for NDSU, $1 million for Minot and $500,000 for each of the rest. With the provision that any money, outside of the research universities, goes into that pool. Does that help? We want you to be happy.

Senator Krebsbach: Well thank you, that is very kind of you. I agree, but there may be some others besides Minot that deserve more too. They have been doing well too. I do not want to be selfish, but I would like to see more dollars dedicated. It is such a popular program.

Chairman Holmberg: How about if you did two and two, five for everybody and then a pool with a first come first serve. For just those campuses.

Senator Krebsbach: It is a good start.

Senator Holmberg: Okay, so how about this, two and two, $500,000 for the nine and a $1 million pool? What does that add up to?

Alex Cronquist: That is up to $9.5 million.

Chairman Holmberg: Well it is under $10 million. The market would decide who gets that just because of schools that are able to go after the pool. The pool is larger than a campus has. As it is refined, you might want to have something that says no one school can get more than a certain percentage of it.

Senator Krebsbach: I think that there is too many administrations.

Senator Holmberg: Do we want to just start with that and we know we will be revisiting. If you want a different number, by all means tell him. This is the exploration. It is probably not going to go up.

Senator Krebsbach: I definitely want to see it more than the two or three from the House. That is not enough.

Chairman Holmberg: Isn't it $2.2 million? (That was confirmed by someone off mic)

(0.16:41) Senator Robinson: I would suggest we arrive at a figure and then we mull over how we break that down, over the next couple of days. I think we are close here.

Senator Krebsbach: In view of the program and the popularity of it. If we are going to go $2 million each to the major ones, I would like to see that fund at either $10 or $12 million. I know it will be used. Whatever we put in it, it comes back twice more.

Chairman Holmberg: Is that still under the requirement that it be for scholarships? Where are we at on that? Refresh us.

Alex Cronquist: It cannot be used for capital projects, but it can be used for faculty endowments and things of that nature.

Senator Robinson: It was a discussion with the committee, and the committee members could speak to it. For some uses in the area of technology, but there were strings attached. The committee had lengthy discussion on that. You had asked early, the first round they did allow capital improvements. We got into muddy waters if you will. We benefitted, we would not have had our Wellness Center if it would not have been for the first round of the challenge grant. That was the impetus for folks to step to the table. We matched the dollars 2 to 1 within a couple days. People jumped on that really fast.

Chairman Holmberg: Well let us put in $10 million? It is a round number. Let us put in $10 million for that and we will worry about it. Also, I think you should add to your list a couple corrections on funding formulas for Valley City and Williston that the board has pointed out. I think we should do them. I will throw one more thing out and then I will be quiet. On the research digital initiative, if we add $5 million there, and it will not come from the general fund but I will have it identified. I know talking to the folks in higher education who are involved in this whole area, if they had to make a choice between HB 1333 and this money, they would rather have this money. But I think we need to pass a research bill too.

Senator Krebsbach: That is a part of the northern tier?

Chairman Holmberg: Yes, it is on this list. They have it identified again. That is critical for research, so it can be appropriately labeled as research. Someone else add something and then we will go to the tiers. Anything else right now, today?

(0.20:32) Senator Robinson: I have not spoken with him in the last couple of weeks, but I do know that Senator Wardner was concerned about the digitization of the Theodore Roosevelt materials at Dickinson State. That was a $500,000 figure. I know that came up more than once. As part of the library issue and where Dickinson state was and how all of that has changed in the last 18-24 months, I would be supportive of putting that in at this time.

Chairman Holmberg: Karen is that okay? You have this same sheet, don't you Alex?

Alex Cronquist: I have that as well.

Chairman Holmberg: Let us then look at an area. By the way, we had this morning, a bill having to do with scholarships. We did not make any decisions this morning.

Senator Krebsbach: As I recall, one in our committee wanted to make sure it didn't impact the merit fund scholarship program.

Chairman Holmberg: Which is what your top item is, correct Tammy? (that was confirmed) One other thing that is already done, there was a great deal of support among administration at UND, at the law school, at the board level, that the appropriation line be added for the law school. They will have a separate one, it's separate but a little bit different.

Senator Robinson: And UND wanted to sell some properties. I would think we would have no problem with that. Both UND and Dakota College have bonding requests. UND was a parking lot and at Dakota College it was their dining facility. Maybe you are not ready for that right now.

Chairman Holmberg: I still don't know much about the parking lot project. I don't see why we would want to stand in the way of them getting rid of the Gallery apartments. Those have been around for a long time. The capital projects, most of them are being discussed in the House. They are talking about BSC and that request. They are talking about Lake Region, Bottineau, and the UND college of business and public administration. I do not think we need to do that now, do we. Then let us look at the tiers. Listening to some people from colleges, they do shed tears when they talk about this. Is that because they might not understand it or is it just they feel it too complicated. You admit you provided us with this sheet.

(0.24.37) Tammy Dolan, North Dakota University System (NDUS): Yes. Actually, we have presented you with the packets, **Attachment #1.**

Chairman Homberg: Tell us how this works.

Tammy Dolan: This is a new concept. Really most of the campuses were very favorable on the concept. The biggest problem they have with it is the matching requirements. In the packet we handed out to you, the first sheet on the far right indicates there would be a total of about $97.6 million dollars for this capital-building fund. Which would include money that is already in the formula and requires a two for one match. It is about $11.1 million dollars.

Chairman Holmberg: That is tier 1?

Tammy Dolan: Yes and they is already in the formula. That is not new money, it is the existing.

Chairman Holmberg: So being the dog in the manger, if you covered this up, that is essentially current law?

Tammy Dolan: Yes. Then there were 2 additional tiers added that have differing match requirements. In tier 2, there is $10 million from the Bank of North Dakota. Another $8.6 million dollars that institutions would need to raise from tuition funds, so that would be a tuition increase of 1% per year. In order to access either the tuition funds or the $10 million from the bank, the institutions would have to match that on a 1 to 1 basis. They would have to come up with $18.7 million dollars in order to access the other 18.7 million dollars. Some of the questions that people have are what can be used as match, what types of projects can it be used for. This applies to all the different tiers. If this is passed through, and I've talked to the House members, we need some clarifying language on what counts as match, what kind of projects this can be used for and all that. That relates to all the tiers. If you go to tier three, there is $4 million from the general fund, another $5 million from the bank, so a total of $9 million in new money. That would need to be matched on a two for one basis, similar to how the challenge fund works. If you follow that across, that is what gets you to your $97 million

dollars. What I would like to point out, right now of the 11 institutions for tier 1, we have seven of them that as of January, do not believe they will be able to meet their match requirement this biennium already.

(0.28:44) Chairman Holmberg: Seven can't match the blue part?

Tammy Dolan: Correct. They can use any kind of funding except state dollars for that. They just have not been able to do that. I think it is just the budget cuts catching up. They have trimmed everything and eternally reallocated all they can. They are just meeting up to that limit where they cannot do it anymore. So seven of the 11 already will be leaving money on the table this biennium. With all of the match requirements that are required in here, we do not know if they will be able to meet that. So will it be left on the table? I do not know the answer to that. And I will not. One larger institution from the East says they would be able to do it, another larger one from the East says they would not. Some of our other campuses say they could make this work, others are say maybe not. It really comes down to the match. If you look at it, in this $97 million dollars, about $30.1 million is new states funds from the bank or general fund dollars. 60% of this is a match. $30 million in state money for $59 million in match money. Then we would also have to raise another $8.6 from the students. It is a very large match requirement that we do not know if we will be able to meet it. What we did on the second page of the documents that we distributed, there is the current match requirements that get you to the numbers I was just talking about. Of the $97 million, $59 of it is match dollars. If you go to the next page, we have an alternative version of what it would look like if it were a one for one match. I understand the point of the match from the legislative perspective. That is of course to turn $30 million into $60 million. That is what this would do. It would reduce the current match for extraordinary repairs to one to one. Then institute a 1 to 1 match for the other tiers.

(31:21) Chairman Holmberg: Is this part of the discussion in the House or is this in response to the House?

Tammy Dolan: This is in response to the House. It came together towards the end on the House side. We had some of these discussions with the committee members, but they left it the way it was. The other thing that it does, the institutions do not really like tying it with a forced tuition increase. They would have to raise tuition by 1% in each year of the biennium in order to access some of the money. They really do not like that. Some of them, right now with the current limits in the bill, they are going to need all of that just to pay for the compensation package in there. It would not leave them any room to be able to increase tuition for any other purposes. They would not be able to use the funds for anything else besides the compensation package. Some do not know that they would even want to because of their market they are in, increased their tuition by that extra. We would ask that the tuition piece be pulled out of there.

(0.32:41) Chairman Holmberg: You are talking about a Wahpeton, for example, that has lots of competition?

Tammy Dolan: Yes. Even NDSU said they are in a tight competition for those students. They do not know they would be able to or want to do that for fear of what it would do to their

enrollment. That is what that third page does. It takes that tuition piece out and then just changes the match. Just for an example for you to look at.

Senator Robinson: When we went through the budget reduction exercise at Valley City. I would imagine it was very similar to the other institutions. I sat in the cabinet there and it was a difficult process to go through. We went through every line to identify cost reductions. Tammy, page 3 you referenced (of Attachment #1) have you shared that with the school administration folks or no?

Tammy Dolan: We have had discussions about this. If you see the point at the bottom of the page, the numbered points. Those are the issues that came out of the discussions we have had. Of course, the institutions would prefer that there were no match. We just put this together for the committee really. I do not know that we have given them this exact schedule.

Senator Robinson: You have talked in terms of what qualifies for match. I am sure you have talked about in kind, just about everything.

Tammy Dolan: Right now for the extra-ordinary repair funding, it really is anything you can come up with. It is even operational funds. If you have money from the formula that is in another area and you can reallocate. You can use that, or donations, anything really. That is the flexibility we were hoping that this money, if approved, would come with.

Senator Robinson: We are in a very unusual time period, given the budget reduction from 2 years ago. We are in a new place and that is problematic.

Tammy Dolan: The other thing that the institutions had as a question, I included our list of capital projects. We had put this together for a working document, so it's at the back of your packet **(See Attachment #4)** of where all of our projects where all our projects were, in which bills, as of March 25th. In section, 22 of the bill there are a couple projects that are called out specifically that would be authorized use of these funds. That is Lake Region College. Then there is a part where it says, if a project is less than $700,000 it could be used for it. In discussions with the committee, they did not talk through every single project on our list. Their intent was to allow us to try to get at some of these smaller dollar amount projects. The life safety issues, the boilers, and those things. To allow us to set these funds aside in an account we would have to create. In conjunction with the master plans of the campuses put together, to be able to do more long range planning. Say Wahpeton wanted to work on their student center improvements. They might be able to find some match, but they did not have enough to do the whole project. Then they would be able to carry that money over in that fund and build upon it the next biennium. Maybe then, they would have enough money to go forward with the project. That was the intent. But because that section just lists one or two projects, our fear was that those would be the only authorized projects. If the committee decides to proceed with that, if we could either address a few more specific projects that were on the list, because I think that was the intent. Or else change the wording in some way so it can be used for those top 10 projects that the board approved.

(0.37:24) Chairman Holmberg: My understanding was, there was some discussion in the House of some of the capital construction projects of just writing a check. I have been at more than one meeting where that was discussed. At least one of the meetings, the people

there were the ones who actually sit at the table. You hear a lot of things around the chamber, but sometimes it is nice to hear it from the people actually sitting around the table. Have you heard that rumor?

Tammy Dolan: I have heard that rumor. I haven't seen it in a written format or in House appropriations, but I have heard that in conjunction with a couple of projects on this list. Also in conjunction with the bonding bill. Again, I have not seen it in any format.

Chairman Holmberg: I know they are talking combination, but we will see that when we see it. We will try to hold back on this. Do you all have any questions?

Tammy Dolan: That was all the points we wanted to make on that. Unless you have other questions, we didn't answer?

Senator Robinson: I would just comment. I know during the interim, the Chair of the interim higher education committee, Representative Sanford, was mulling this over. He was not the only author of this, but he spent a lot of time on this. His intentions are as solid as can be. I don't know where we go with this. If we have seven of the 11 institutions that are struggling with the current match, to go down the road any further is probably not wise. I know our people are struggling with it. In concept, I think he is right on. His argument was, we are constantly involved in a situation where we are on the defense. We have a big project and no money, so how do we fund it. That is why we have waited and waited and waited for so many of these projects over the years.

Chairman Holmberg: Then it comes to us and we all start at the starting gate. Do we have enough to mull over this for a while? We have the long sheet. We have given Alex a bunch of things to think about. Is there any parting shot? I mean, clearly look over the sheet that came from the system office.

Senator Robinson: I am a little confused. We did not get to this, but I do not recall the testimony on the system office presentation. Tammy, three institutions, Bismarck, Williston and Dakota colleges, are requesting special funds. What is that all about?

(0.41:19) Tammy Dolan: Those were adjustments that the institutions made when they were entering their budget into International Budget and Reporting System (IBARS). Just based on their anticipated receipt of other funds. Whether that is tuition or federal dollars or other local dollars. Those were their estimates at the time. They did not quite made it through and we did not notice it until now. Without those, we do have the authority to accept additional funds. That is built into the bill. We would be okay without them, except for next biennium, if we increase our special fund authority during the interim and then we come back to the legislature, our appropriations bill will look like we had this large increase in funds. You go back to the base level. It would cause us confusion and probably some problems next biennium when we are working on the appropriations bills.

Chairman Holmberg: But they are money you are very confident that it will be there. It is money that is coming. They are pretty assured they will have that. None of that is guaranteed. We have the same thing in elementary and secondary sometimes. They have to estimate how much they think they are going to get.

Tammy Dolan: That is exactly right. This was the institutions best estimate at the time they were putting their budget in. They think they are going to have it. It may come in, it may not. It is their best guess from the time they submitted their budget.

Chairman Holmberg: Should we add this to Alex's list? It is not costing us anything. If they do not get the money, they do not get the money. (That was confirmed.) Looking at the backside, we have to have a different discussion on tuition caps. Sections 5-7 I have a big mark by them. I have problems with those. Alex why do I? They appear to be problematic. I know one of the areas with this, not that it would stop the current project, but we have the Johnson control project at UND that is saving the taxpayers quite a bit of money. To put language that would put a damper on future utilization of a law that has been around for quite a while, would be a mistake. Why don't you put on your list that we are considering removing sections 5, 6, and 7. So what we have on the backside highlighted is the tuition caps as an issue. We have looked at facilities in capital projects and we need to sift that through as the House does their work. If they do as good a job as they did on employee salaries, maybe we will be happy. On the front side, we have the campus work initiative pool. That has to do with HB 1333. The board office itself has a scholarship issue and system governance. I understand that the House killed the one 15-member board today. Are they going to redo it or have the Oklahoma land rush?

Senator Krebsbach: They killed the 15-member board; did they also do away with the increase in the terms from 4-6 years?

Chairman Holmberg: That is all part of it. Was there a focus of their angst? Was it the size?

(0.46:51) Dr. Mark Hagerott, NDUS Chancellor: A couple House members voted or spoke very strongly in favor. Two made the point that there would be an under representation of institutions because the percentage for many institutions had not been adjusted. The other argument was, we just need more time to study this. Those were the only two arguments against it.

Chairman Holmberg: I spoke at the North Dakota Student Association meeting on Saturday. Their point was that they felt they would be much underrepresented in this new board.

Chancellor Hagerott: Yes sir, you are right. I spoke in favor of an amendment to add an additional graduate and undergraduate student. The Judiciary committee did not take any of those inputs.

Chairman Holmberg: We will see what happens. That is one of those things totally outside of our purview at this point in time. Anything else?

Senator Robinson: I've got to spend some time on this, I apologize.

Chairman Holmberg: Alex, any questions?

Alex Cronquist: Do you want me to prepare new long sheets that incorporate the things you have already suggested?

Chairman Holmberg: Why not, you will have to do it anyways. Then we will see what that other amendment is. We are starting at 8:15 a.m. tomorrow. Wednesday we want time for bills on Wednesday morning. We technically could have had that bill today, but we did not take it.

The subcommittee hearing on HB 1003 was adjourned.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1003
4/3/2019
Job #34500

☒ Subcommittee
☐ Conference Committee

Committee Clerk: Rose Laning and Alicia Larsgaard

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota university system.

Minutes: Testimony # 1 – 4.

Legislative Council: Alex Cronquist
OMB: Renae Bloms

Chairman Holmberg: Called the subcommittee to order on HB 1003.
Senator Krebsbach and **Senator Robinson** were also present.

Alex Cronquist handed out:
University System Office – Budget No. 215 – **attachment # 1**.
North Dakota University System Institutions – **attachment # 2**.
Forest Service – Budget No. 244. – **attachment # 3**.

Let's take one thing off the table. Tammy expressed concerns they had regarding the tier system for building. Instead of a large match for tiers 2 and 3, she suggested it be matched 1-1. Keeping in mind that This is only the first part of this. I visited with Representative Sanford – he had no problem with us putting in the 1-1 match and work out in conference committee. Alex, if you could put that on our list as something we could do. Every time we have a meeting, we like to be able to accomplish at least one thing.

Alex Cronquist: The funding that has been in there for the extraordinary repairs, is it your intent that that still be 2-1 as it has been in the past or do you want that to go to 1-1 as well?

Chairman Holmberg: I think we should leave it as is.

Alex Cronquist: So it is just the new money to go to 1-1.

Chairman Holmberg: Yes. We will talk about it. We will put that on the list of our discussions.

Alex Cronquist: On the tier 2 – there was the $10 M from the Bank of North Dakota (BND) and the $8.6 M from tuition. Is it your intent to have all of that with a 1-1 match on top? Would the tuition come out of that proposal – the 1% tuition increase?

Chairman Holmberg: Tammy, what was it that we said?

Tammy Dolan, NDUS: Our preference would be that the tuition dollars were not in that because the institutions need to be able to set their tuition based on market needs. Some of them don't know if they can do that on top of the match.

Chairman Holmberg: Right now we have the situation where seven campuses can't meet the match. Taking it off the tuition is fine.

Tammy Dolan: Thank you

Chairman Holmberg: We won't talk about the capital projects except we did say, in the sheet, that we want gallery apartments. I got a thing on Stanford from Rick Tonder as far as what that building is. We have them on our list.
Alex, do you want to run through any changes on the long sheet? Then we will ask the chancellor to visit with us a little.

Alex Cronquist: Going over attachment # 1. The only changes we have made so far are for the 2 and 2.5 salary increase with the minimum 120 and the maximum 200 in that first year.

Chairman Holmberg: What did that do as far as the addition of money?

Alex Cronquist: For the system office, that added $55,703 from the General Fund and $39,490 from other funds. For the system office, that is the only change to ongoing funding that has been made from the House version so far. As far as one-time funding items, we have added in the $7.8 M to the Challenge Fund to provide a total of $10 M. That number seemed like a placeholder. We were not sure how much was going to be allocated to each institution. That will still have to be decided. The other change was to add $5 M for a research digital initiative and half of that would be eligible to UND and half to NDSU. It will flow through the system office.

Chairman Holmberg: The ask in the sheet was 5.7. As I understand it, each campus needed $875,000 for their system and the rest was for other enhancements on the research capability. That is why we called it research because it focuses on research.

Alex Cronquist: That was added in as onetime funding. You had indicated it was going to come from BND or some other funding source. I know in the request; 5 FTE positions were mentioned. They have the authority to add those positions if we want but we didn't add them in here.
As far as changes in other sections for the system office, are for the bill in general. You will see that the Senate did not include sections 5, 6, and 7. Those are to be removed in the Senate version. Those relate to Capitol projects.

Chairman Holmberg: We did not see any appetite for those sections.

Alex Cronquist: At the very end, there is a section that will be added. This will be a deficiency appropriation for Williston state college of $491,850. That is due to a funding formula calculation issue in the current biennium. That will reimburse them for that. Once we go through the university system institutions, that is where the Valley City error will be addressed.

(8:55) Chairman Holmberg: Does that have an emergency clause?

Alex Cronquist: It will.
Moving on to attachment #2. You will see the change there for the student credit hour completion adjustment of $1.225 M for Valley City State University. That is based on the base rate. Once it goes through the formula and we redo the increase rate with the Senate changes, the additional increase will flow through the formula. I think the University System mentioned it's closer to $1.5M. It will be once it is worked all the way through the formula. This is just the base change. We also added in the special funds authority. That is for Bismarck State College (BSC), Williston, and Bottineau. That is $8.9 M and that is just to close reflect what their actual special funds are. Last is the UND school of law increase. It is $2.25 M. Once it is worked through the formula, the number could vary slightly but $2.25 M will be the target.
I do have one question on that. Do you want the $2.25 M to be added to the base and then any inflationary factor or anything would be added on top of that? Or, do you want the $2.25 M to be worked in at the end of the formula as just a flat.

Chairman Holmberg: Is should become part of the formula. Is that money coming from the next biennium or is that emergency clause item?

Alex Cronquist: Since it is coming from the formula, that would be a 19-21 biennium appropriation.

Chairman Holmberg: We don't want to put everything under there.

Senator Robinson: Can we back up a minute? The schools that were involved in the special funds line item; which schools are those?

Alex Cronquist: Williston, Bismarck, and Bottineau.
The final change for the University Institution that has been approved so far is under the one-time funding items for the DSU Theodore Roosevelt digitalization. The House provided $250,000 from the General Fund one time. Under the Senate version, that is being increased to $750,000 one time. That is an increase of $500,000 from the House version.

Chairman Holmberg: Help us understand on the original sheet regarding the University System Office. The fact that we made changes on the salary package, you added $55,000 and $39,000. Help us understand why there is not a number on salary increases for the institutions.

Alex Cronquist: I can get you that number. I didn't put it on here because I was not sure what the committee wanted to do as far as a general inflationary increase or a salary increase.

Chairman Holmberg: What is the bigger number? We want to make sure that if you worked at Mayville State, and also worked at highway department and you both had low salaries, you both got the $120. Can you make it work?

Alex Cronquist: If we were to do the calculation with the 2 and the 2.5 with the minimum and maximum salary increases, and back it into the formula and not make any other changes, we'd be looking at $11.2 M for salary increase which is $ 2.1 M more than the House version. The House was at $9.1 M and the House would be at $11.2 M.

Senator Robinson: The question would be on the $11.2 M. Where does the benefit package figure in? Is that the total?

Alex Cronquist: They would still receive the $9.3 M in addition to that for health insurance.

Chairman Holmberg: We did not change that because we had already accepted that. There are general and special funds.

Alex Cronquist: Correct. That's not as hard or as consequential a number.

Chairman Holmberg: Does that run into issues at the campus level when you are talking about, for example, food service? Some are low paid. Are we not providing the dollars so that they can be paid properly?

Tammy Dolan: Unless it's done differently in the calculations, those positions that are special funded, which is what those would be, are not receiving General Fund dollars to be covered. The caps and the minimums would still apply. They would still be funding through special funds.

Senator Robinson: I know I have seen a listing of salaries for the system. I know there is a tremendous variation. When we talk about equity, I know Dakota College is at the bottom of the tier in terms of paying their faculty and staff. Then it is Mayville and Valley City. That gets back to the argument and the question of equity in higher ed. I do not know if that should be a study or if we should be looking at that but when we do this across the board, we are making no progress. We are holding our own. I have seen figures and Dakota is quite low. It is a thought and at some point we should study that to bring those salaries up. I know I've been there a long time and I have compared like positions and it's like night and day. We lose people because of that.

Chairman Holmberg: I think we can get those numbers at the next meeting. We won't be in a position to put money in the auxiliary areas.

Alex Cronquist: The increase from the House version would be about $5 M in other funds.

Chairman Holmberg: How much in the General?

Alex Cronquist: That was the $2.1 M.

Chairman Holmberg: We've always said that the sheets used by legislative council had all 15,740 people which includes higher ed. Some of the discussion points were that some state employees were treated differently. This time, the goal was to treat everyone the same. That is a nice bump when you talk about $7.1M more. Of course, it's spent, but on the right thing. Chancellor, you are invited to speak.

Dr. Mark Hagerott, Chancellor:
Attachment #4.
Campus Workforce Initiative Pool
This is important because you established the Workforce Education Advisory Act. That was early on that something different needed to happen. The Governor came in and realized the Workforce Enrollment Council had not been proactive and it was restructured. They produced a report and both your study and the Governor's study identified high priority areas and this money would go to those areas. It is a pool that goes to new adapted programs. Two are very well developed. Those are the dual mission model in Dickinson which is becoming a national movement that we do not have the money to build entirely new campus. You can't build a community college in SW ND yet they can't drive 200 miles round trip for a welding class.

Dickinson faculty approved that they would become a dual mission. That is the traditional liberal arts but also certificates and a community college with that type of work force. Part of it would be to help that start going. They have got through the biggest hurdle. We have faculty in liberal arts schools that do not want to become a dual mission. They feel it is a step down for them which is unfortunate. They voted to do it and the board approved that.

The second well developed proposal was the cybersecurity certificates and bachelor of applied science. This is now Bismarck State becoming a polytechnic. They have been doing this by reprogramming money and cutting other things. They did well enough that they were recognized by the leading cybersecurity company in the U.S., Palo Alto that gave them $2M. NSA just recognized Bismarck State as the second community college in the upper Midwest to meet their requirements. They need this money to keep going.
The third one is manufacturing in the Red River Valley. That is one of the priorities. We have to build more manufacturing base. The students just can't come in and turn wrenches. John Richman is leading a group on that. That is less well developed. You are in a real knife fight with South Dakota and Minnesota to keep students and keep bringing them in. The two well developed ideas are those two work force initiatives. We expect something from Wahpeton to be developing. So that's what that pool is about.

Chairman Holmberg: We will certainly look at that. After we gather all of this information we will have to do our idea of what prioritization is.

Dr. Mark Hagerott: Your scholarship proposal was a 2039 and other things for high demand areas. Those are brilliant and they work wonderfully but there needs to be money to tool up to hire the professors and equipment of things which scholarships do not do. They are very complimentary of one another.

That was the main thing I wanted to get across. If for some reason you find more money, we have a bucket for more resources.

Chairman Holmberg: You know we passed 1333 today. It's been grants, loans, grants, loans, etc. We left it at $15 M and it has to go through the mill. We got some decent vibes from someone on the other side who said that was doable number. That did not cause frowns primarily because of the source.

Dr. Mark Hagerott: If you add that with your digital initiative plus the ERC. There is a lot being done for research and we do appreciate that even though we may not get the headline credit for it in the news.

We did ask for a couple positions to rebuild what we had before. Dr. Rothas was the assistant vice chancellor for research. That allowed him to help lead EPSCoR (Experimental Program to Stimulate Competitive Research programs) and do other integrative functions. We are trying to build one of those positions as research gets more dynamic and integration collaboration and things you guys want. You certainly do not want UND and NDSU at cross purposes. That was one of the requests we asked for.

The other was workforce. The amount of time for the Governor's Workforce Development Council was extraordinary. A lot of times, we couldn't cover the meeting so we'd ask a campus to drive in from Dickinson or Bismarck or someone to be at the meetings to keep up with the pace. It was very helpful but it would be more helpful for the enterprise to have a workforce person. This is only going to get bigger. This is not going to decline in importance. Those were two of the positions. Those are the two categories we see growing in demand.

Chairman Holmberg: You mentioned EPSCoR. Let's visit that because over the last three years, there has been movement in various directions. Who leads it today?

Dr. Mark Hagerott: It used to be Dr. Rothas. We restructured that due to the shortage of people we had and so Kelly Rusch became the Executive Director. That was not ideal. She's done a very nice job.

Chairman Holmberg: Prior to that, it was a dude at UND.

Dr. Mark Hagerott: As you recall, there was tension between the two campuses. There were sometimes open breaches. I give Dr. Rothas credit. We had to hold a series of meetings. We see that function as still being there. Dr. Ryan has stepped up to be the state board rep. It has gone smoothly since then. It is tightening. It is an even more competitive fight. More campuses across the country are fighting for this money. We want to put our best foot forward.

Chairman Holmberg: I haven't looked at it for a while but with EPSCOR – there was no change in the House recommendation. Two years ago, there was that roiling and stuff going around. Now we're getting to personnel. Where is Dr. Rothas as far as her faculty position at NDSU. There were changes made which caused chatter in Grand Forks.

Dr. Mark Hagerott: This is a state thing and it is beyond personalities. She is a highly talented person. She is no longer the VP of Research. I know people are trying to recruit her. I cannot talk about that. We need to get more competitive. She is there and fully engaged.

We had several high level people approached by high level universities across the country in the last few years.

Chairman Holmberg: It did not jump out at me about the $300,000 to eliminate campus assessments for a compliance office and internal audit department expenses. That wasn't the top of your list. You were asked to give us your list and prioritize. We will go through and model our own special way.

Dr. Mark Hagerott: It is working the way it is, but for routine compliance, it would be nice if we did not have to assess the campuses. If the president gets in a bumpy spot on the road and we have to call in an outside auditor, they have to pay for that. We do not keep excess capacity to do these major reviews. It seems to be working.

Chairman Holmberg: You know our committee, even though we're not doing capital projects, we had the bill on the Fargo Career Academy. That was not added to the budget. The $30 M in career academy was not added. The executive budget put the funding in CTE. It's better to have funding elsewhere so it isn't like a balloon.

Tammy Dolan: I know we are not talking about Capitol projects yet but this authority we were asking for is actually special fund authority. That project was authorized to fund raise and establish this academy. This would be not General Fund money but Special Fund authority.

Chairman Holmberg: I don't think anyone is bothered if they come up with $30 M themselves. I do not know where they are in their fundraising efforts. I know they spend time down here looking for 15.

Tammy Dolan: I'm not sure where they are on their fundraising. If there's an academy that's not owned by Wahpeton or involved with higher education, then we would not need this authority. Because they are still in the early stages of it, they don't know who's going to own it. The would be pre-emptive authority in case.

Chairman Holmberg: How would we write that? We don't want to stop them from raising money.

Alex Cronquist: Similar to giving capital project authority with donations for any other project, I do not think we would need any additional language unless you wanted to restrict them in some way.

Chairman Holmberg: Don't we usually say that but it cannot be state appropriated funds?

Alex Cronquist: The appropriation would come from other funds in the bill and in the Statement of Purpose, we could say designate it as must be from grants, gifts, and donations. You could also say non-state grants, gifts, or donations if you want to further restrict it.

Senator Krebsbach: Has that been cleared through state board higher ed?

Tammy Dolan: Yes. That is for fundraising authority and not to proceed with the project.

Senator Robinson: We've heard that Bismarck has one and we should allow Wahpeton to go down that road. The Bismarck program is closely tied to K-12. We have heard nothing to that effect on the Wahpeton program. It is business and industry. Bismarck is a very successful program. Why not replicate that rather than go off in another tangent? Bismarck received no state dollars, if they raise at all, they would be in a similar situation. It is my understanding that they've had access to state dollars after it's operational. In the construction, they did not. That is the issue that got muddy. We throw that into a number of other requests coming out of Fargo. Water, research, Dunbar, Harris were all saying timeout. That is the issue. I do not know to what extent to board can influence that process. There was no discussion from K-12. We think that's the component that makes Bismarck so successful.

Chairman Holmberg: What you said, that pulls of the veil as to how the legislature sometimes works. I had been lobbied by some folks from a community south of Grand Forks about how this would be great for that town but our superintendent said no we have no interest. This is not the way of doing this. I lost enthusiasm when I saw that we wouldn't be at the troth.

We have to do the revenue bonds for parking. We have a list of things they plan to do with that that includes Marlfield Hall. They are being aggressive on that. They asked for 100 something.

Tammy Dolan: They started out with $135 M and they brought it down to $80M. They thought they could make the debt service payments on that.

Senator Robinson: There was some aches. Their ability to reload academically after the budget cuts and UND took a disproportionate hit while pushing 300 FTE. We know there are some shortages in the law school. I think folks are supportive, but will there be an ability to do both? Will there be an ability to reload academically and do all these projects while making the payment from re-allocations? Is that going to get tight? I think we are all supportive of making that university strong as possible. It seemed like a heavy lift.

Dr. Mark Hagerott: When we went back and forth, I said support it with reservations. We do appreciate the innovation. They are not coming to you and asking for money. They want to do this. We are in the tenth year of recovery. A recession may come. We are mindful. A CFI might drop. The board felt similar.

Chairman Holmberg: We have a concern when you add that with tuition and students have asked for authorization for an $80 M student union addition. The politicians get nervous. The students will pay about $212 per semester for the student union, and that is money that the student may end up having to borrow. Then student debt goes up, and with the building and particularly with that 1% tuition increase that was tiered, it going up some more. Then the fingers are pointed at the politicians because of student debt but some of it is self-inflicted.

Dr. Mark Hagerott: The seniors vote and they graduate.

Senator Robinson: At one of the UND receptions, there we no faculty or staff present. They were not bitter. They had a lot of pride and passion in UND. When they referenced the

reduction in FTEs, I don't think they've done a study, they said of the 300, they thought there should be 50+ reinstatements. That is significant if we are going to do these other things. I was impressed with their planning and aggressiveness. Just so it can work, that is the only concern. We do not want to set them up for being in a financial bind a few years down the road.

Chairman Holmberg: We won't solve that. We want to be sure we coordinate. Who knows who is going to blink first. We have the bonding bill out there. There are some things they leave out and some things we should be concerned about. At the end of the day, through the conference committee process, we should be able to put it all together. Are you on the bonding bill? Are you the person who does it?

Alex Cronquist: Brady and I work on it.

Chairman Holmberg: You hear so much talk around this building and most of it is not true. That does not stop people from repeating it. We've got to start drawing a line on additions. You were going to sleep on some things.

Senator Robinson: One issue I was asked to address the committee on; is there an issue on the research campuses with English as a second language?

Representative Matt Eidson, District 43, Grand Forks
The issue is the currently at UND, the English as second languages services were cut. As of right now, those services have not been reinstated. At NDSU, they have those services and they are incredible. Not only does this create a disservice refugees and others that are pursuing a degree at UND, we have also talked about research universities and increasing funding for research and how that can be an economic driver for ND.

In a lot of cases, the research is done by master students, Ph. D students, and professors that English is not their first language. They benefit greatly from these services. Currently, without those services, the writing center at the UND is doing the best they can. At the end of the day, these are undergraduates and graduate students that have no training in attempting to help someone who does not have English as their first language. They sit there and they work with them to help them communicate.

I would propose a funding line item that helps the university bring that back or a mandate that research universities have English second language services. If we are going to talk about research in ND by not providing these services, we are creating a disservice for the students, faculty, and staff.

Senator Robinson: You are suggesting that the program is still in place at NDSU? (Yes)

Chairman Holmberg: I am assuming those decisions were made at Old Main.

Representative Eidson: Those were difficult decisions that had to be made a few years ago. This was just one of the things that got cut. From what I understand, it was two employees that ran the services and they got caught up in the budget cuts.

Senator Robinson: We covered a lot of this. I was concerned about the tiers. 2297 is in another committee and that will be coming. We removed sections 5 ,6, and 7. There is concern on the campuses. I know we cannot have it all. The chancellor referenced the campus assessment issue. The budgets get tight and the board office has been just as tight. We talked about the Challenge Grant and the funding formula adjustments for Williston and Valley City. That is what I had right now.

Chairman Holmberg: We have not talked about the tuition cap. You can argue both ways. It's easier to argue in favor of caps. There are memories or how we got screwed; those that carried the bill, anyway.

We've got tuition. There are a bunch of things in here; common cores catalog, college and career coordinators. At some point we have to say enough.

Senator Krebsbach: A few years ago, there was a moratorium on new buildings. We have to be cautious of that. In view of the cutbacks that were made in the last session, are there programs that need to be reinstituted within the campus? Faculty was cut so programs were eliminated. We need to look at that before we dive further into debt in higher education.

Chairman Holmberg: We had that discussion last time on music therapy. Once we pick a curricular area and say "do this", everyone lines up. It is the same issue we have if the legislature starts putting in bill. What roads are going to be fixed? Then, it is the 6 people on the conference committee that decide the roads in their districts are done first.

Senator Robinson: Or if you voted to override.

Chairman Holmberg: You weren't over there when we had the Health Department and they are the executive branch for fee increases. When they carried a bill on the floor, I said be kind and mention that this is interesting. But to suggest that the executive is not consistent without putting us in the same blender, is a mistake. We do it all the time.

What other major issues do you folks want us to consider?

Tammy Dolan: On the Academic and CTE scholarship program, we are expecting to be about $2.9 M short. That is the scholarships that are related to HB 1122. That is the merit scholarship.

Chairman Holmberg: I thought it was a valid argument that we are already short and we are going to open another popular program. Who mentioned that?? Nicole said we should look at how other states do this.

Senator Krebsbach: We owe it to the existing program to make sure it functions.

Chairman Holmberg: We should not be taking away from those folks. I'm not a big fan of the merit program. It is what it is.

Senator Krebsbach: What if we didn't fund this? Would you have to go to the emergency or carry into the next biennium?

Tammy Dolan: We can't go back on our word. They have met the criteria. We do not have flexibility to pro-rate. We'd have to come to for a deficiency appropriation. The emergency commission does not tend to have $2.9 M. We don't have the flexibility to do that.

Chairman Holmberg: It is the same as homestead tax credit because if you qualify, you still get it.

Tammy Dolan: If there was not enough money, we would need to come for a deficiency appropriation.

Chairman Holmberg: What was the discussion in the House on that issue?

Tammy Dolan: They didn't talk much. They were looking at other areas and knew we'd discuss it on the Senate side.

Senator Robinson: Where are we with needs based? That has been an issue for us.

Alex Cronquist: The current appropriation was $21.9 M for the current biennium. The House added $2 M to bring it up to $23.9 M and increased the annual award from $1,950 to $2,200. That was the semester award.

Senator Robinson: I know our students have a good record of repaying student loans. There is a crisis nationally. Every time we increase tuition, the schools try to offset that with additional scholarship support. That is getting difficult to do. I read an article that the student loan debt is greater than all other debt including credit card debt. The only exception is mortgage debt. They characterize it as a bomb waiting to go off.

Dr. Mark Hagerott: We were the second best in the country of repaying our loans. It was just written yesterday that $1.5 Trillion in unsecured. One other point is our tuition is lower than the national average except in the community colleges but two of them are ranked in the top 20 in America. I think we're in pretty good shape while we are nationally speaking.

Senator Krebsbach: That figure is not including fees. It would not be on all the rest of the states either.

Chairman Holmberg: Are we moving to integrated?

Tammy Dolan: As far as our comparison to our regional counterparts, we look at tuition and fees together. Dave puts those numbers together and we compare apples to apples.

Dr. Mark Hagerott: We are now in a very dynamic tuition environment. Christmas, SD – out of cycle – offered in state tuition for ND kids. We reconvened right before Christmas to match that so it could get back into your discussion about UND and projections to raise tuition. We may start getting into a position where the market starts to hold down. We are watching it closely. We are encouraging each campus to run its enterprise. Some campuses pay lower salaries. They are in a different labor market. It's very dynamic – to say the least.

Chairman Holmberg: Adjourned the hearing.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1003
4/5/2019
Job # 34569

☒ Subcommittee
☐ Conference Committee

Committee Clerk: Rose Laning / Marne Johnson

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota university system.

Minutes: Testimony # 1 - 4

Legislative Council: Alex Cronquist
OMB: Renae Bloms

Chairman Holmberg: Called the subcommittee to order on HB 1003.
Senator Krebsbach and **Senator Robinson** were also present.

Alex Cronquist: handed out an updated long sheet – attached # 1.

Senator Robinson: Amendment 19.0191.02001 - Attached # 2.
In essence this is an attempt to try to provide some balance to the salary inequity in oil country. It would add $1 million to the general fund at Williston State College, I would ask that we include that on our list.

Alex Cronquist: The way it is drafted; Williston State College is the only one affected by this.

Chairman Holmberg: We have the Mathern amendment 19.0190.02003 – Attached # 3.
Let's take a look at and make some changes to it. There are a couple things going on regarding life support systems for the law school, and we had already put on our list $2.25 million into the base of the law school.

Tony Weiler, Executive Director, State Bar Association: It just tweaks it a little bit. In essence it's the same concept. Clinical legal education including indigent work and then professors in that area.

Chairman Holmberg: It's the same concept, except it talks about the clinical legal education. Let's put it on our list. The only difference is there is blue language about clinical legal education, the $1 million is way more than what we should actually consider, because the campuses are getting $500,000.

Alex Cronquist: At this point, the distribution for each campus hasn't been determined, but it is $10 million total.

Chairman Holmberg: This should not be at the same level as BSC or Minot State. Senator Krebsbach has some additional thoughts on that. Should this be on the list? It's going to be separate because they have a separate line item. It's not going to be part of UND. It's 2-1 so they have to raise $2 to get $1.

Senator Krebsbach: Are you saying that this will be money out of the challenge fund?

Chairman Holmberg: No, this will be in addition to. I think $1 million is too high.

Senator Krebsbach: There was a dollar request on the entire program? If we're doing a 2-1, we're taking a third of that, that's what we should be looking at. If they were looking at $3 million and had to match 2-1, then the $1 million would be appropriate, but I don't know the dollar amount that they are looking at trying to raise.

Chairman Holmberg: Their wish list came to $3.9 million, but that was a list of 9 different items, some of which were very low priority. The $2.25 million would allow them to add tenured faculty, which is a weakness when it comes to the accreditation.

Senator Robinson: We'll be working on this in conference. There is certainly a need here. We've added a lot to the list, and I don't know where we're going to end up, but we will be in conference. I think there is confusion among the subcommittee members. Let's look at $250,000. I think we can regroup here, and once we get our list together, I'm supportive. We have to do something here; the question is at what level.

Chairman Holmberg: We'll put it on the list. I had grabbed the strategy list. Senator Krebsbach was hiring additional faculty. 2 additional faculty and 3 current instructor lines to tenure track for accreditation. They have recruitment, student scholarships, faculty research, the law clinic total is $600,000; what it would cost to set it up. This is an area they can use this money for. We have it on the list with this language.

Tony Weiler: I'll send you a copy. The number is $250,000?

Chairman Holmberg: Yes, for now.

(Discussion took place on the correct version of the amendment. Tony Weiler emailed the correctly worded version which is attachment # 3.)

Chairman Holmberg: Are you ready for challenge grants?

Senator Krebsbach: We've had a number of conversations. We would like to see that fund increased, so we could make a fairer distribution. I don't know what the flavor is of the committee to do so. We were at $10 million, if we could move it up to $12.5 million, it would help a lot. The requests are great to have this program, and I think we've seen success in it, in fact, the success is so great it's starting to be utilized in other areas.

Chairman Holmberg: My sense is that they were more successful on challenge grants than they were on maintenance and the kind of fund raising that is anticipated in the 3-tiered system. Did we have campuses that didn't spend the challenge grant?

Tammy Dolan, NDUS: There was one that had money that they weren't able to match and draw down, the other institutions had excess matched money. It was all dispersed, it's just there was one institution that couldn't use theirs.

Senator Robinson: In defense, they lost their foundation officer early in the biennium. They were in a difficult situation; they have since replaced that position and are in the midst of a campaign now, so I would expect that they will be successful next time.

Chairman Holmberg: The $12.5 million is on our list. We should take a quick thought about EPSCOR, as I understand it, the program has a lot of jealousy and backbiting. They did not get their round of requests from the feds.

Dr. Mark Hagerott, Chancellor, NDUS: They are in review process with the federal government and NSF on ESPCOR. Dr. Rush is our executive agent for the system on this. I've gotten two briefs, on the first round, they award 20% of the applicants, then about 80% are told to apply again. We are in that pool of the 80%. It would be nice if we were approved. The prospects are good.

Chairman Holmberg: Wasn't there a track record that we were typically approved? Is this not a spot score that we weren't approved in the first round?

Dr. Mark Hagerott: It's been smoother in the past. Materials were the main focus of this one, materials are huge, but they are not seen as the most advanced ideas. What could be happening is a crowding out in NSF on machine learning, artificial intelligence, a lot of the stuff that UND is doing. It could be that the ground is shifting underneath our feet. What was perfectly fine several years ago is now shifting. We need to get to the bottom of that and see what is explaining that.

Chairman Holmberg: In the budget bill, it's called Competitive Research, $6,027,000. If at the end of the day, they do not qualify for their NSF money, what happens to this money? Is this money not to match?

Tammy Dolan: A lot of this money is to match, but part of the money is used to administer the state EPSCOR office that puts the grants together and does some of the research that's not directly related to this track program. The part that was used for match probably wouldn't be used, but the rest of it would need to be there for running the office.

Chairman Holmberg: The cost to run the office, could we get costs for the last 6 years, as to what percent of the money is going to administer the program.

Tammy Dolan: Yes, there were some changes made in the last biennium to how it was administered. You established this office, but I can you the history on what's been spent for admin versus match.

Chairman Holmberg: I would like the committee to put down and explore what kind of language we can come up with to say 'divide the money between the two campuses,' so that the jealousy can go away, with a provision like what we have in challenge grants. If after certain date, it hasn't been utilized, another campus can use it. You don't want a stranded asset. Is that okay to put on list?

Senator Krebsbach: I know there has been work done with the other institutions of higher education, in this program, would that be directed through either of those funds?

Tammy Dolan: Yes, the other institutions that are involved come in through those same grants.

Chairman Holmberg: Another question is about the changeover in parking. Faculty members are making a lot of noise. Why isn't the campus going to suck that up rather than building new buildings.

Tammy Dolan: UND is going through a whole revision of a lot of their operations related to facilities. One of them is parking. In the past, the parking function has not been self-sufficient.

Chairman Holmberg: They built the parking ramp, last session they asked for money to put aside for another parking ramp.

Tammy Dolan: They've had some staff turnover. They are trying to make that completely self-sufficient. They are considering changing the way they charge for parking, including a tiered structure where you pay higher costs to park in certain areas; and increasing the parking fees that are charged to faculty, staff, and employees to park in some of the areas of campus. There were a couple of open meetings held in the last week to explain what was going on, I believe that was the impetus for some of the emails you got.

Chairman Holmberg: They were concerned about going from $225 to $600. They said it ate up their pay raise.

Tammy Dolan: That's a campus issue.

Senator Krebsbach: I know that the College of Bottineau was looking for bonding authority. Is that included?

Tammy Dolan: I did not see it on your white sheet. They were looking for $2.5 million of bonding authority for a dining hall project, and would like that added in if the committee is open to that.

Chairman Holmberg: Is the House considering that on their list of potential items to address?

Tammy Dolan: The House appropriations committee did talk about potential amendments to SB 2297. I don't believe they voted on them. In that, there was $1 million for Dakota College at Bottineau, dining hall and other projects. Bottineau had a couple of other projects they

were working on. There was $1 million in cash from the 2017-2019 biennium that could be used for the dining hall, but that project alone is $2.5 million. We would ask that you would consider giving them the authority to bond up to that amount so they could complete the whole project. They want bonding authority for revenue bonds.

Chairman Holmberg: They would only need $1.5 million, if that bill survived.

Tammy Dolan: Yes, and if they didn't use it for that, the other projects that Bottineau was looking at on the top ten list included some revisions to finish up The Nelson Science Center, phase two of that project is $1.2 million; and a backup boiler, which is about $400,000. The $1 million would cover pieces of those three projects.

Senator Krebsbach: The $1 million would not be available for the revenue bonding?

Tammy Dolan: It appears that that decision could be made by Bottineau. There is no direction on here, it says the $1 million would be for dining hall and other projects. They could bond is they needed to, if you give them authority. They can use that cash for a part of the dining hall, or part of the boiler. We would appreciate consideration for up to $2.5 million and if the $1 million comes through, they could use a piece of that and bond for less.

Chairman Holmberg: Did the House consider revenue bonds for Bottineau?

Tammy Dolan: They talked about it, at one point they were trying to find some other money for that. In the end it just wasn't added into the bill in any form.

Chairman Holmberg: Do you know if they had a concern that they couldn't cash flow it?

Tammy Dolan: That was part of the discussion, and that had been part of the issues with this project in prior biennia when it came forward. Bottineau has showed that they think they can cash flow it.

Chairman Holmberg: The bonding folks would also decide if this was a good bond or not. That may or may not be an issue with UND and their $80 million of bonding.

Tammy Dolan: They have to go through that whole process and be approved before they would bond for it. Bottineau has had some additional discussions, it sounds like they could go up to the $2.5 million, but it is better to bond for less.

Chairman Holmberg: That was the discussion from House when we sent SB 2297 over, that this is too much bonding. It appeared they were willing to do some.

Senator Robinson: I'd support giving them the authority to bond on this. I know that the Nelson Science Center is a carryover that we didn't get finished. I know their dining hall is in dire need of work, and the backup boiler is needed. The campus has been behind the 8-ball for quite some time, they've been doing everything possible to grow the enrollments, and they are also embarking on a capital campaign to help with some of the facilities on the campus. If we could relieve some of the pressure on the bonding side of things, that would position them for some success.

Senator Krebsbach: For us to have it on the list, for when we go to conference – it would be beneficial.

Chairman Holmberg: At what number though? If the whole request was $2.6 million, and if they can get $1 million out of the House, cash, I don't think any of us on that conference committee would say no we don't want the $1 million. Should we put in here $1.5 million for bonding?

Senator Krebsbach: We can, however there's that other project, for the boiler that they perhaps would be using $1 million for. There may only be $500,000 left to go on this other project.

Senator Robinson: The revenue bonds will help support the dining hall, but not the boiler or finishing the Nelson Science Center. I don't know what the magic number is.

Chairman Holmberg: Let's put down a number.

Senator Krebsbach: It's possible they could utilize some fund raising for the dining hall as well, but they would still need the authority for the project.

Chairman Holmberg: They wouldn't be able to bond. We're not demanding they do whatever the number is, it's up to.

Senator Krebsbach: I know many times people have had to come back to raise that authority, I imagine if we went to $2 million, that would give us something to go on.

Senator Robinson: I would support that suggestion. The need is without question. Their resident halls need to be updated. I'm okay with the $2 million.

Chairman Holmberg: We'll put $2 million. On the funding, I had you put down for the research digital initiative, that source is Bank of North Dakota profits. It was easier to get permission once we already spent it. Can we get a list of where research dollars are going? We have $15 million in HB 1333, and we added $5 million here, which is research money. Have we counted EPSCOR as research money in the past?

Tammy Dolan: In the past it depends on how it may or may not have been counted. It is research money, if I were putting it together, I would definitely be listing it on the list, I'd put it as research money.

Chairman Holmberg: We didn't used to count the constitutional payments to the campuses as part of the money they receive. Now we have it in the system. We didn't count the 6,000 people paid through ancillary funds, now we're counting them as state employees. Did you see the number on that pay raise? We talked about $2.1 general fund and $5 million special funds on salary increase on the 2%-2.5%. Which is a boost.

Senator Krebsbach: On the EPSCOR, of the federal money that we are not receiving, what is average of what that has been?

Tammy Dolan: I don't know; we can get you that.

Chairman Holmberg: It will be interesting to see if there is a differentiation and a history on the money coming out of the EPSCOR money for administration.
We never discussed Dickinson and their mission and the polytechnic stuff. It was marked as something that should be looked at. It was Dickinson and BSC, but it was a lot of money.

Tammy Dolan: The initial request was for a $5 million pool to be allocated for new programs to include Dickinson and BSC issues you were just describing.

Chairman Holmberg: Should we have something in there that we are going to consider? It was a series of things including manufacture, cyber security, BSC polytechnic model.

Tammy Dolan: I was talking about the entire pool of $5 million. When we submitted our request, $1 million of that was for workforce scholarships. Really we were looking for $4 million for these programming needs. The scholarship concept is in HB 1171.

Senator Robinson: We need to be in a position of strength when we go into the conference committee. I know this will be a big issue, I think we are all supportive, maybe $2 million?

Senator Krebsbach: It's future programs, I think we have to take a strong look at them.

Senator Robinson: I just don't know where we're ending up in our list. I would be supportive of adding to that, the question is, do we want to do it now, or do we want to run this list and see where we are on Monday?

Chairman Holmberg: Let's add it to the list for now and revisit it, for the initiative pool.

Senator Krebsbach: I agree, if we have it there, we can take a closer look.

Chairman Holmberg: That is a onetime issue. Did we put on our list the deferred maintenance projects? The $80 million of bonds?

Alex Cronquist: I have not added that at this time.

Chairman Holmberg: Let's put it on there, it's revenue bonds. I've seen the list; I know Merrifield Hall was one of the big ones.

Alex Cronquist: To be clear, it wouldn't be revenue bonds, but they would be repaid by UND. There isn't a fee or anything.

Chairman Holmberg: Is there an automatic tuition increase built in? Tuition increase was part of the plan that the House sent us in regards to projects on the campuses. We are looking at not doing that tuition as a built in entity.

Tammy Dolan: The $80 million as approved by the board did not include an automatic tuition increase. The repayment was going to be from internal allocation of current funds. Initially they had requested tuition increases, and then that was not approved by the board.

Chairman Holmberg: They are raising their parking so they can save money to do their buildings. The other issue is tuition and tuition caps. Sometimes we've been enthusiastic, sometimes not. Right now we have removed caps on out-of-state students. We also protected the reciprocity agreement with neighboring states. We can't overrule them. The cap in the bill is 3%.

Alex Cronquist: It was 3%, and they could add another percent, so they could have 4% if they put that extra percent in the capital building fund. This subcommittee had expressed disagreement with that, so it would be 3% per year.

Chairman Holmberg: There is no limit for the law school, medical school, or pharmacy. Aviation is fees, not tuition.

Alex Cronquist: That includes all graduate programs.

Tammy Dolan: Tuition Rate Increase Limitation – attached # 4.
In addition to the professional schools that you mentioned, our institutions have a lot of these programs, they've established some differentiated tuition rates, or banded tuition for those programs that are higher cost, like engineering, business, and nursing programs. Those programs do have in state students and out-of-state students. The reason they are differentiated is they are higher costs that your general programing. We would ask that the committee consider adding an exemption into the language for those programs as well, because of the higher costs and they tend to increase at a higher rate than normal. The language is provided in attachment #4.

Chairman Holmberg: That's not unique to the research universities?

Tammy Dolan: No, it is not, but it is most significant at UND and NDSU.

Senator Robinson: I would be okay putting that on the list, but I'm concerned about student debt. Our people do well in terms of repayment, that doesn't mean they don't have a lot of student debt. Campuses don't have the ability to offset those increases with additional scholarships and financial aid.

Tammy Dolan: The second thing I would like to ask you to consider; we have done the calculation to determine what kind of tuition increase we would need to do to cover the tuition piece of the compensation package, because the state provides a third, there is a tuition component, and other funds. To cover that, it ranges from a 1.7% per year to a 3.3% per year increase just to cover the tuition piece of the compensation package. There are two institutions that need more than the 3% increase to cover that tuition piece.

Chairman Holmberg: Who are they?

Tammy Dolan: Williston and Mayville.

Chairman Holmberg: We'll have to take that into consideration.

Senator Krebsbach: The other area I'm concerned about with tuition, it can create the match that's required for repairs and maintenance. That's hard to come up with.

Chairman Holmberg: That's why there's a reluctance on part of the committee to weigh that in with buildings. That is part of the discussion of the conference committee.

Senator Krebsbach: To go back to the $250,000 we are looking at for the law school, should that be listed as onetime funding?

Chairman Holmberg: Yes.

Alex Cronquist: As it was drafted, when the plan was to put it into the Judicial branch bill, it was a deficiency appropriation, do you still want it to be a deficiency appropriation coming out of this biennium?

Chairman Holmberg: Yes. Is there a general recognition, except for the base for the law school, of leaving the formula as it is, and the money that is raised on the campuses? There is going to be a study of that formula now that it's been in place for a few years, see if it is doing what it's supposed to do.

Alex Cronquist: The university system had a request regarding the formula. The House did not extend the expiration date for the hold harmless clause. That was the one request the university system had on their list, to extend that.

Chairman Holmberg: The issue gets to be what we did in elementary and secondary, we put a formula, and we start chipping away at it, and after a few years, it's a mess.

Chairman Holmberg: Closed the subcommittee.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1003
4/8/2019
Job #34609

☒ Subcommittee
☐ Conference Committee

Committee Clerk: Rose Laning and Alicia Larsgaard

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota university system.

Minutes: Testimony # 1 – 3

Legislative Council: Alex Cronquist
OMB: Renae Bloms

Chairman Holmberg: Called the subcommittee to order on HB 1003.
Senator Krebsbach and **Senator Robinson** were also present.

Alex Cronquist: Handed out HB 1003 Listing of Proposed Changes to Bill – **Attached #1** and explained the sheet.
In line 6, it's increasing the one-time funding for challenge grants to provide $12.5M total – an increase of $10.3M from the House version. At this point, you haven't determined how much would be allocated for each campus.

Chairman Holmberg: Yes, we have.

Senator Krebsbach: Senator Robinson and I have been working on this.
NDSU & UND - $2M each which is $4M total.
BSC, Minot State University & NDSCS - $1.2 M each which is $3.6M total.
Dickinson State, Mayville State, & Valley City State - $1M each which is $3M total.
Williston State, Lake Region State College, & Dakota College of Bottineau - $500,000 each which is $1.5M total.
With that, we left a pool of $400,000 and that total comes up to $12.5M.

Chairman Holmberg: The pool would have the same language and would be accessible whom. Would the pool be available to the research or for those that were not research?

Senator Krebsbach: The challenge fund is limited to professorships, scholarships, and technology.

Chairman Holmberg: It is all a 2-1 match. (answer – yes)

Alex Cronquist: The pool amount was $400,000 and that was for who? Who can apply?

Senator Krebsbach: Anyone who reaches their maximum can apply. That is how it was done in the past.

Alex Cronquist: In the past it was just for the 9 non-research institutions. Is that how you want it restricted again or do you want to allow UND and NDSU?

Senator Krebsbach: We will stick to the 9.

Chairman Holmberg: (moan)

Senator Krebsbach: That's ok, you'll get over it. The pool has been used in different ways. It seems to me; it was whoever reached their max first. In sessions after that, it was left to the end. If the institution had not used all of theirs, that became part of that pool.

Alex Cronquist: It would be both. In the past, there has been a situation where additional funding was appropriated just for a pool. On December 31 on the 2nd year of biennium, any funding that has not been allocated, also goes into pool. That is on a first come first serve basis of those applying for excess dollars.

Senator Krebsbach: I want to be fair, so its whatever seems fair to the committee.

Chairman Holmberg: It seems fair.

Senator Krebsbach: First come first serve, or prorate it out. That would be another way to do it by prorating it by demand.

Chairman Holmberg: What do you mean by demand?

Senator Krebsbach: By the requests from the institutions.

Alex Cronquist: Are you saying, perhaps, there would only be one meeting after December 31 and then if there was $400,000 available and $1M in request, they would have to prorate it across those requests?

Senator Krebsbach: That would be a fairer way to do it.

Senator Robinson: I don't have a problem with that, but by going that route, aren't we just increasing everyone's allocation if we know going in that we have X and we will get a percentage of the pool?

Alex Cronquist: Another concern may be, if a donor is lined up and expecting the 2-1 match, but then they get less than that, it could cause consternation among donors.

Senator Krebsbach: Leave it the way it has been.

Chairman Holmberg: The weakest thing to do would be to just dole it out. There might be a need at one campus that would take 1/3rd of it. If we say leave it as is, what have we done?

Alex Cronquist: If we revert to the language that has been used in the past, it would be doled out on a first come first serve basis among those 9 non-research institutions for the pool and if any of them don't use their entire allocation and that money goes into the pool, that would also be first come first serve. If UND or NDSU does not use theirs, then the other one could get on a first come first serve basis.

Senator Robinson: In the past, the excess dollars have been prorated. They have not necessarily been a pool. For example, Dakota College went without a foundation officer and they had a small amount of money left. I think it might have been Lake Region or Mayville that ended up with a small amount. Those dollars were thrown into a pool and the committee had elected to prorate them to the requests that come in from the institutions.

Chairman Holmberg: I would like to ask Tammy a questions What do you think?

Tammy Dolan, NDUS
In the past, it has been handled a little differently. It was not specifically delineated in the statute as to exactly how the money was split up. It was up to the committee. It was pooled together and then they would bring in their requests and then the committee would determine how to distribute it. This last time, it was pro-rated. The time before, Minot got a chunk and the rest was pro-rated based on the number of awards that came in. It was not specifically addressed in there. It was left up to the committee and their guidelines to distribute it.

Senator Krebsbach: Is there a way to leave the excess dollars to the discretion of the committee?

Alex Cronquist: We won't change that NDCC. Right now, it says they are supposed to be awarded in chronological order.

Senator Robinson: As far as I am concerned, the committee has been very fair and sensitive to all 11 institutions. They try to do the best job they can with available funds. They've been watchdogs in making sure the dollars are used appropriately. That is important to make sure things don't get out of hand. If there is some discretion on the part of the committee, I'm comfortable with that.

Alex Cronquist: It seems chronological order has been to interpreted to allow for discretion. This wouldn't change.

Tammy Dolan: Just to clarify, we do organize them in chronological order. Then, the committee has guidelines. I think that is because a lot of the requests came in on the same day. There is a date set and they all come in together, so they are all chronologically the same. Then they end up dividing it up.

(16:30) Alex Cronquist: Line 7 – this adds one-time funding from Bank of North Dakota (BND) profits and reserves for the research digital initiative. This was initially put in as $5M

for the board to distribute 50-50 to UND and NDSU. You have requested that we change that to have $2.5M to UND and $2.5M NDUS.

Chairman Holmberg: Then there is no question. That doesn't throw off a formula does it?

Alex Cronquist: Right now, we have it as one-time funding.
Line 8 – that would add up to $750,000 total as the House already had $250,000 in there. Went over **Line 9**.

(17:47) Senator Robinson: There has been concern voiced by folks on the UND campus about the proposed hike in parking fees. That is going from the figure of $225 to $600. Lower income people are suggesting that if those fees materialize, we are taking a big chunk of their salary hike and putting it into a fee for parking at UND. They feel it's excessive. I know institutions have the authority to determine the fee structure for their respective institution. They are worried about going from $225 to $600 to help cover construction costs on the University campus. I bring that up because there have been some red flags raised on that issue.

Chairman Holmberg: I had a concern; they are raising the fees which relieves the University of the cost of some of that and then using those funds to help pay off bonds that they want. They are switching money to the parking folks and in return, they get money for buildings and they have a concern about programs. We don't get down to that level of detail. The level of detail we have is the money or total they are asking for bonding.

Maybe we need to not fund at the level they would like and then have them come to the conference committee to show us how they are going to roll that out so it isn't such a huge leap for faculty and staff. What happens if we say, no you cannot have $25M, we will give you $5M? Will they be in? What do you folks think? We're poking a beehive but it is a beehive that is out there.

Senator Robinson: I speak from a small campus compared to the two large institutions. They need to have a fee structure. We have been through a time where fees were a very sensitive issue on everyone's radar. I think the board office has made significant progress on that. They do not want to see us let it go astray again. There is some oversight and we are sensitive. We have not forgotten about it. We also recognize there are needs. Those needs need to be paid for within reason.

Chairman Holmberg: We could be proactive and reduce it. I would rather be voting on the revenue bond of the $25M after having seen a public display of what they are going to do versus just saying we're going to do better than what the rumor mill has and then we go home and who knows what happens. Should we be devious and reduced it substantially? They will be back. It has impact to the people we are paying as employees. We end up getting the stick at us. The bees all come in our direction.

Alex Cronquist: The House wasn't asked for this. This was late in the process.
Chairman Holmberg: This was approved by the board. One of the things they would say is they didn't present it to the House because the board had not approved it and it would have been tacky. Let's talk numbers.

Senator Krebsbach: Are you looking for something to keep the issue alive.

Chairman Holmberg: Yes. I think we need to further dialog of a public nature.

Senator Krebsbach: We would suggest that we leave it in at $10M for conversation sake.

Chairman Holmberg: I think they will come and talk with us. That does create the dialog. If they can show where they will roll it out in a reasonable manner so that it doesn't hurt folks and yet they can fix their parking at the same time.

(25:30) Alex Cronquist: Continued with **Line 10**.

Chairman Holmberg: We've received information as to how that is prioritized. Originally, they asked for $120 or so. Are there other schools that have done that aggressive bonding?

Senator Krebsbach: I do have a bit of a problem on this. Anything the other institutions receive for repairs and maintenance have to have a match. Is there a match included in this funding?

Alex Cronquist: UND would be repaying all of this from their operational funds. We wouldn't be appropriating any general fund dollars for it.

Senator Krebsbach: Is it appropriate for others to be included in that and for them to payback down the road as well and get some of the maintenance that needs to be done now?

Chairman Holmberg: I think UND is the canary in the coal mine. Tammy, can I ask you a question.

Tammy Dolan: UND is the first campus that has approached us with this type of a project. There are no other campuses doing this.

Chairman Holmberg: Are some of the other campuses like the folks on the hillside that will pass you a spear because you are going into battle and just see how it goes? You come back again next time and if it went well, you were with them all the time. You and the legislature have asked these campuses to be innovative, creative, and to think outside the box. There is a lot of second guessing whenever the box is thought outside of.

Tammy Dolan: I would agree. They're being very creative in dealing with the issue they have on their campus. We hope this will be a very successful way to in addressing their maintenance needs.

Chairman Holmberg: Is it tied to a mandated tuition increase?

Tammy Dolan: It is not. The project as approved by the board, did not include a mandated tuition increase. It was through re-allocation of their funds available to them on their campus.

Senator Robinson: There were some on the committee that had angst over the size of the money package and the challenges all institutions face financially regardless of what level

we come out this time around. Coming off a significant budget reduction last time around in the area of FTE of bot faculty and staff, UND took a brunt of the cuts in the current biennium. We have heard from some faculty and staff that there is going to be a need to replace some of those folks.

I know in the law school that they have openings and some are saying that we as an institution are falling behind a bit. We cannot forget about the academic side of things. Let's hope that we're not biting off more than we can chew. That is just a comment. We support fixing up the campuses but we do not want to get in a situation where we can't pay the bills.

Chairman Holmberg: We know what happens at the end of the day; the bills are paid. I cannot remember all of them but Merrifield Hall was one. IT is a 1927 classroom building with huge, thick walls that probably have a tile interior. Interior walls are very huge because it is close to the age of Central High School and they gutted it. Between the hall and the room, that is where all the air handling stuff went. We do have that list of what their priorities were. They were not going to tear down Montgomery were they? I talked to people who have been there and they thought it was a beautiful building. Too bad they had ruined it over the years.

Senator Krebsbach: On all projects, whether new or otherwise, they are giving a priority ranking by the board of higher education. Is there going to be any ranking on any of this for this $80M?

Chairman Holmberg: We know what they talked about but does someone in the audience know?

Tammy Dolan: All of the projects that are being considered as part of that $80M were in a part of the requests for UND. They were packaged a little differently. That was for the state General Fund appropriation request. That was before they went down the bonding avenue. I guess they would still need to come back to the board and budget finance before they proceed on these projects. I do not know that we would prioritize them the say as we have done for the budget cycle. They would be discussed before projects proceed.

Chairman Holmberg: I would hate to be a person here saying no to a campus that went into this, and that they should do X first versus building Y. Merrifield is a huge building but very dated. If we passed this, they would have the authorization but bonds would not be issued; isn't that the board that does that or is it UND itself?

Alex Cronquist: Since these are not revenue bonds, they would go through the industrial commission through the building authority.

Senator Robinson: Did they fall under the umbrella of General Obligations Bonds? If 2297 goes through with $90M of bonding, this amount would be added to the $90M. I know there has been considerable concern on the House side about the bonding this session. How would that be accounted for?

Karlene Fine, Executive Director, Industrial Commission
They would be appropriation bonds. They would not be General Obligation Bonds. There are two tiers. Appropriations would have to be made every biennium to make that debt service

payment. It would fall under and be considered along with those other buildings that are in the other bill. They would have to fall within our limitation we have.

Alex Cronquist: Continued with **Line 11**.

Chairman Holmberg: My understanding is they've already raised a substantial amount of money. Maybe someone in the audience knows. On the Career Academy of Fargo, they have raised money up to this point but the legislation that was proposed, was never approved.

Tammy Dolan: I don't know what they've raised. I know they have been making progress. I could contact them and get it for you.

Chairman Holmberg: That would be nice.

(36:50) Alex Cronquist: Continuing on **Line 12** – they have indicated they will only bond for as much as they need or as much as they are able to bond for.

Chairman Holmberg: In the Senate Bill, is there cash for Dakota College?

Alex Cronquist: I believe it is $1M in SB 2297. I'll check.

Chairman Holmberg: We have to make sure they work together. Would they need the $2.5M bonding authority or is the building $3.5M?

Senator Robinson: They have a Nelson Science Center that they invested significant dollars in. Those improvements are not 100% complete. They ran out of funds. They also have a backup boiler that they need. They want to update the dining facility. This would be a combination of the $1M. The revenue bonds would come from the dining facility. We are not going to have new bonds from the Nelson Science Center or the backup boiler.

Alex Cronquist: In SB 2297, as it was approved by House appropriations, there is $1M as a deficiency appropriation for Dakota College dining hall and other projects.

Chairman Holmberg: The bond bankers would have to decide if it is a good investment.

Alex Cronquist: Continuing on Line 13 – they could use this for BSC's new programs and Dickinson's polytechnic program.

Chairman Holmberg: A bird told me that NDSCS has raised $12M up to now. That particular program was the DSU dual mission model, the polytechnic model, was a direction they were going. I was heavily lobbied that $3M would be better to do. I do not know what the other folks think.

Senator Robinson: I do not know who you were lobbied by bit I believe these two programs provided some real excitement in terms of where the system is going at those two campuses, in particular. We encourage our campuses to be innovative. Both of these campuses are doing exactly that to respond to the needs of the state of ND. I have no problem with additional money and then we wouldn't have to be lobbied.

Chairman Holmberg: If that is okay, Senator Krebsbach, we will go to $3M there. Is there another source of funding that we could consider?

Alex Cronquist: Options would be to do it as a deficiency appropriation, SIIF, or maybe BND funding if it is available.

Chairman Holmberg: Why not deficiency? Then it comes out of budget stabilization. That is a more quite area of contemplation.

Alex Cronquist: Continuing on **Line 14** – half of that would have been from tuition funds and half would have been matching funds.

Chairman Holmberg: The House had tier II. You had to raise tuition 1-1. We decided to go with the tier II and the tier III with no tuition requirement built in.

Alex Cronquist: Moving on to Other Proposed Changes – **Attached #1**.
Line 1 – that was the same issue as the Valley City state funding earlier.
Line 2
Line 3 – going forward with the changes, there will be that additional $2.2M plus some compensation adjustments made for the 2019-2021 amount. If you would like, we have also received the estimate of other funds for the law school. We could move those into the line item as well. (Yes) That was about $8.5M. That is their tuition and fees revenue.

Chairman Holmberg: One can expect them to raise their tuition. They are second or third lowest in the nation. They have some concerns about accreditation. As on lawyer told me, they are not on the top 10 schools, but they got honorable mention as a school that has serious challenges. They had new leadership and now they will have a separate budget. It will be on their watch as to how it goes from here.

Alex Cronquist: Continuing on **Line 4**.
Line 5
Line 6
Line 7
Line 8 – that has been discussed a little bit today.

Chairman Holmberg: Why don't we look at that so we can start getting some closure. One of the things we know is that with the salary increase, part of that is funded by tuition. The 3% cap the House put on the bill, would suck up all tuition increases. That is a mandated thing that we did. Some schools would have to charge a little more than 3. Do you have a number we can use?

Senator Robinson: I think that we should consider $4M-$4M.

Senator Krebsbach: I'd agree. I could even go to $4.25M. I would be happy to stay with the $4M at this time.

Chairman Holmberg: Each campus has to make their case to the board so it is not a blank. Wahpeton has a more competitive environment to get students which might make them less willing to go that way. I don't know what the salaries are going to cost them. It gives them some flexibility. How about differentiation? I am talking about high cost programs.

Senator Robinson: I thought we were going to ask the board for a list of those high cost programs. Bar and major surprises, we would provide flexibility for those high cost programs to identify a tuition level that is even with their needs and also fits in the competitive environment in which they are operating.

Tammy Dolan: We would appreciate the consideration for the high cost differentiated programs. The list isn't in the format you want, but I will get it to you. Some examples of that would be at BSC who has a technical ban on different programs that are at higher costs. At NDSU, they have the college of business, engineering, nursing, architecture, aviation. There is engineering at UND as well.

Chairman Holmberg: Architecture, is that one that they turn people away?

Tammy Dolan: I know it is a very popular program but the tuition is a couple thousand dollars higher at the base level than their base undergrad. It is a very expensive program. The institutions need to come to the board. We ask a lot of questions and one of those is, what is your market and can you afford to increase it and still remain competitive? That will be part of the discussion before any tuition rates would be increased.

Chairman Holmberg: You have to run interference for us because if they go too wild and no one shows up, then they come to us begging for more money the next time around. Then we will blame you.

Tammy Dolan: We will run the best interference that we can.

Alex Cronquist: Continuing on **Line 9**.

Chairman Holmberg: THE EPSCOR NSF grant which was submitted on behalf of the system, didn't get the grant. They have so many months in which to redo it. If they don't get funded, they will tell us. They are very optimistic they will get it. Optimism is great but you cannot bank it. What happens if they get zero? Does the money that is put into EPSCOR, spendable if it is not used to match?

Tammy Dolan: Of the EPSCOR money, $800,000 is for match programs. There are other EPSCOR related programs that are run through the office. I can't tell you what they each do, but I have names. There is also the cost of operating that office. That work is done in order to prepare the next application. That office will be working on the application so it can be resubmitted. That's how those funds would be spent if they do not get those match grants. They also have an extension for the grant award. That work will continue in the next biennium.
Chairman Holmberg: A few years ago, on our efforts of the legislature and the board office, we decided to make things more simple and we folded NASA EPSCOR, which has different bosses as far as where the money comes from, into the regular EPSCOR. We put it all together and that particular marriage needed a lot of marriage counselors. I have asked

Tammy to take another look. I had visited with them and we even talked about having a divorce or an annulment.

Tammy Dolan: I did put in a request for that information and we should be getting it shortly.

(54:05) Senator Robinson: We talked about the polytechnic program at Bismarck State. What do they call the program at Dickinson state?

Tammy Dolan: Dual mission model.

Senator Robinson: We talked $3M for those 2 programs. Would that be divided evenly?

Tammy Dolan: Yes, it would be divided equally. It would be nice to have more.

Senator Robinson: After this meeting, do you provide an update to the 11 institutions? (Yes) None of these dollars can be used for football scholarships.

Tammy Dolan: Okay. I will make that clear.

Senator Krebsbach: I have a few questions on item number 7 under other proposed changes. Is there an approximate value that will be obtained on that? Is there a purpose in that funding after they are sold?

Tammy Dolan: I do not know if they have the estimated values. I think we have some more detail on that. Generally, the funds go back to the same area where it was appropriated or it becomes part of the funds available to the institution.

Chairman Holmberg: It is not state appropriated money that bought those.

Tammy Dolan: No, I do not believe that was the case in either case. I want to verify that.

Chairman Holmberg: The question has to do with the options that we have. There were a whole series of things. You put together a needs based budget, but there isn't enough money for everything. One of the areas of interest is the academic and CTE scholarships. The options that we might have available to us, for us to add $2.9 M to this budget would be a challenge. What are some of the things we could consider?

Tammy Dolan: Knowing the financial situation, we did go back and look at the estimated carry over in our financial aid program based on the most recent semester. We found that there will be appropriately $2M left over due to carryover from our needs based grant because of the number of awards.

For some reason, we over awarded that program and then when the actual cash payments are made, the schools do not need as much as we have awarded. That might change based on some bills that have passed through this legislative session. There is some carryover you could take and transfer to the academic scholarships. There's carryover in the in Professional Student Exchange Program of about $700,000. You could take that and transfer it to the line if you want.

I would like to caution that we are projecting in the next two biennia, based on the current number or awards that are given out in the vet and dentist programs, we will need to come back to you for an appropriation in 2 biennia. If that carry over is removed, we would need to come back next biennium for an increase in that appropriation or reduce the number of awards. There is some money that you could move around if you wanted to.

Chairman Holmberg: That is one of those things that you are damned if you do and damned if you don't. We send them out but most do not come back. We always have a flurry of bills from time to time to try to get the dentists and the optometrists. People have had their suggestion of what to do but nothing ever comes of it.

Tammy Dolan: If you do not want to move that funding, we could come to the emergency commission during the interim and ask to transfer between line items. IT is all estimates. We are estimating based on the best numbers we have today. We can always come in and ask for transfers between those programs if needed.

Chairman Holmberg: You have carry over authority. If you have carryover from the needs based grant, does that stay in the system or is that turned back to the state?

Tammy Dolan: It stays within that system in that line item.

Chairman Holmberg: You could come to the emergency commission if you find that those numbers do not work out and ask for a transfer.

Tammy Dolan: Yes. We have carry over authority but I do not think we can transfer between appropriation lines. We could come and ask for that if that was something the emergency commission wanted to consider or we could just wait and see and then come back to a deficiency appropriation at the beginning of next session if our numbers were still holding true.

Chairman Holmberg: You could actually do the last 2 from the standpoint of coming to the emergency commission and asking to transfer between line items. If that didn't happen, you could do the deficiency.

Senator Krebsbach: I noticed some angst that on the professional scholarship set, they do not return back to the state. There was a time when we had a claw back on that type of scholarship. If they didn't return and work for so many years, they had to refund some of that tuition that was paid. I do not exactly recall when we removed it. If we are funding many who are not, is it time to review that again?

Tammy Dolan: I have been told that there was the claw back feature at some point. Since I have been working with the budget, I do not think it has been in play. I could not tell you when it was removed. That topic did come up during the interim with the Higher Education Committee. There was a draft that was not approved by the interim committee to do that. That's up to legislature if it's appropriate or not and denied.

Senator Krebsbach: I missed a few meetings so I must have missed that but evidently, it has been reviewed and denied.

Chairman Holmberg: Can you double check that in legislative budget, we are fully funding our membership in NCSL (National Conference of State Legislatures). It is right here. We will be doing 100%. I would suggest that, not speaking as chairman of WICHE (Western Interstate Commission for Higher Education), it would be nice if we paid 100% of our dues to WICHE. We have the three WICHE commissioners sitting here today. Right away, after the session, WICHE is meeting in Bismarck. You two are going to be invited.

I have the number someplace. There were always two programs; WICHE and Mental Health. That was always over in the Human Service budget. They would typically pay for every other year. Then they would not pay a year and would be contacted. Pam Sharp would call them up and tell them to pay them this year. It was a mess. He determined to move all of it to the University System budget and then Pam left OMB.

Tammy Dolan: We do pay 100% of the large WICHE invoice that we get. When I was at OMB, I remember the discussions about mental health. I don't know how much that bill is.

Chairman Holmberg: I want to say 20. It is not a huge number but we have the University of North Dakota which is co-running a huge mental health program over the entire western part of the country with WICHE money. That is the mental health thing. Alex Cronquist, if you could find that number and put it in the budget under our payments for WICHE. It is a simple number to get. Is there anything else? I do not know what else we have?

Senator Robinson: I don't have anything at this point. I would like to go back through everything we have done today. I think we made good progress. At this point, I do not have anything.

Chairman Holmberg: I could look. I have a dunning letter that we had not paid our dues. No, not really. We're not done. We'll get it written up. We should have another meeting. We still have to gather information on the NASA EPSCOR and what that is about. We might meet later tomorrow. Thank you all.

Alex Cronquist also handed out but were not discussed:
North Dakota University System Institutions – attached # 2.
University System Office – Budget No. 215 – attached # 3.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1003
4/10/2019
JOB # 34649

☒ Subcommittee
☐ Conference Committee

Committee Clerk: Alice Delzer / Mary Jo Wocken

Explanation or reason for introduction of bill/resolution:

A Subcommittee hearing for NDUS

Minutes:

1 HB 1003 Listing of Proposed Changes
2.Apppropriation Bond Proposals Under Consideration

Chairman Holmberg: called the Subcommittee to order on HB 1003. Let the record show that all members were present: Chairman Holmberg, Senators Krebsbach & Robinson. Renae Bloms, OMB and Alex Cronquist, Legislative Council were also present. Let's have Alex go through the list of items on Attachment # 1.

Alex Cronquist, **Legislative Council** went through Attachment # 1, Listing of Proposed Changes to bill. The new items on this list include # 5, Increase funding for WICHE dues, that's $45,000. That's to increase it from $294,000 to 339,000 for the biennium. **#** 6, Increases funding for tribal college grants, and that's $500,000 from general fund to provide a total of $1M and that's for the non-beneficiary students.

Chairman Holmberg: We had made a mistake the other day. We thought that was the commerce budget for Turtle Lake, but this is the right place for the money so we took the money out of there and put it in here, so we took it from one budget and put it in the other.

(0.01.12) Alex Cronquist: Continued with Attachment # 1, #9 where we are going to identify that specifically as half appropriated to UND and one half appropriated to NDSU. The $5 Million for the research digital initiative. Down under other proposed changes we've added in #8, to authorize UND to sell some properties. I don't believe that was on the list before.

Chairman Holmberg: We found that those were either donated or their own money. No general fund money in either one. They are getting rid of two older complexes.

Alex Cronquist continued with his testimony. # 9 was also added in. That is to adjust the tuition increase limitations to allow for increases up to 4% per year. We will remove that additional 1% that was part of the capital building fund model. Then there is also discussion about adding an exemption for differentiated tuition rates, however I don't believe a decision has been made on that issue at this point.

Chairman Holmberg: We did receive an email that talked about differentiating rates.

Alex Cronquist: Do you want to discuss that further at this point or move on?

Chairman Holmberg: Let's move on. There are some things up there that we need to go back to look at.

Alex Cronquist: Continued with #10 identifies the amounts that each institution is eligible for under the Challenge Grant Program. Then #11, was still being discussed and that was allocating EPSCOR funding by an institution. It sounds like at this point, we'd like to move the NASA EPSCOR funding to a separate line item in the university system office budget which was $342,000.

Chairman Holmberg: Lets go back to the top part. After a lot of discussion, I wonder if # 12 needs to be shaved. Senator Krebsbach made a great point the other day, and that was that the campuses have not used the bonding previously to do maintenance. So it is kind of a new avenue. The concern that Senator Krebsbach brought up was there is only so much capacity, we have a new report on the capacity, there's only so much, if one campus takes $80M, and then they find it is extremely successful, there might not be much left the next session for other campuses. So because it's new and untried, I would think this committee would follow Senator Krebsbach's line of thinking and say we should not do $80 million, we should do x.

Senator Robinson: I would agree with that discussion. For this purpose before us, we are going to end up in conference committee and I know the House people have some concerns on this issue. I would suggest we look at, for now, $15M level for # 12.

Senator Krebsbach: That is adequate for me.

Chairman Holmberg: Let's do that at $15M.

(0.05.04) Alex Cronquist: Would you like to identify it as UND deferred maintenance projects or would you like to identify certain items under that?

Chairman Holmberg: No because they are going to prioritize. It would become a little micro manageable. They still have to get it through the Senate and through the conference committee structure. There was some additional discussion on parking lots. Did I send you that article, Tammy? Ouch! That's what we do? We just got an email from Peter Johnson saying well, you know we're certainly looking at it again. We might not be doing much of anything. But, so anyway the appropriate attention was received. Because the faculty and staff were very unhappy on how it was rolled out. They will have another meeting coming up, the 15th I think, with interested people. Our whole purpose and I am not willing to make a change, or suggest a change now, leave it at 10, and let them go through the process that they go through, parking stuff is needed, and that's revenue bonds, so we don't have to, that is not coming off of Karleen's little kitty over there. So anything else on the top part?

Senator Krebsbach: I am questioning # 10 for the one time spending for DSU, Theodore Roosevelt Digitization. I think you said that that was their share of the Challenge Grant Fund?

Alex Cronquist: No, that is a separate amount.

Chairman Holmberg: The price tag was $750 and the House put in $250. We were asked to bring it whole and go to conference. Then we have the Challenge Grant and then you have the break-down of that, and that is good. The other proposed changes: "On the issue of NASA EPSCORE, there has to be that kind of language that Alex has. I did talk to the director, Jim Kessler, and remember the discussion from 2 years ago, essentially saying get us out of this marriage. It is not a good one. So, we tried it and down the altar they went. Off to the lawyers' offices. So if we could separate that out, allocating the EPSCORE funding, and once we have this done, if there is a concern, I don't think we'll get a concern from UND; the fact that that money is being split. Is there anything on the bottom?

Senator Robinson: That was the only one.

(0.09.33) Alex Cronquist: One item, under the School of Law Challenge Grant program that is being created with the $250,000, for that Challenge Grant, right now for NDSU and UND they have to raise $50,000 before they can be eligible for a matching grant. For the smaller nine campuses, they have to raise $25,000. For the School of Law, would you like that at $50,000 or $25,000 or some other number?

Chairman Holmberg: They are like a small school. If you look at this entire package, I think this really helps. I would be fine with $25,000. That could be one law firm, one law suit. And another deficiency appropriation. What else?

Senator Krebsbach: My only objection to that is that we've always used the Challenge Grant Fund program for a two to one match. Is there a way to?

Alex Cronquist, It's still 2 to 1. Right now the minimum that UND and NDSU have to raise is $50,000 and then they can get $25,000 from the Challenge Grant. The smaller campuses can raise $25,000 and then get $12,500. So it is just the level that they have to raise to before they can actually get the grant money.

Chairman Holmberg: We didn't change anything. In fact, that was supported by the bar. They were very interested. I said we've already pumped a lot of money here, we don't want to give it all when there's needs at Minot State and Valley City State. Is there anything else on this?

Alex Cronquist: There had been discussion about further identifying capital projects that could spend funds from the Tier 2 and Tier 3, the Capital Building Fund Program. Would you like to include any language?

Chairman Holmberg: Would it create a problem if there were two avenues that could be created for what Senator Krebsbach is talking about, in other words, have them eligible under the Building Fund, but also as part of the discussion as SB 2297 goes forward? Does that create a problem? They might be eligible there but they wouldn't go there if they were able to get the money in 2297.

Alex Cronquist: That is currently happening with the Lake Region State College Precision Ag Center, where the House has put them in vote. A lesser amount than what they requested in 2297.

Senator Robinson: Then we go to conference.

Chairman Holmberg: Or they raise the money or whatever.

Senator Krebsbach: Every time we have to raise money, it takes money from other things that we have to do in our operations, and that's where the problem is.

Chairman Holmberg: That is one of the concerns expressed when UND was talking about an aggressive program of borrowing money, because at the end of the day, they have to pay it back. That does diminish, and that's what the expressed concern at their public meeting on parking is, your taking our money to pay your parking bill so you can free up money to build more buildings. Was that encapsulated somewhat accurately?

Senator Robinson: It's got to come from somewhere. You borrow from Peter to pay Paul. Something shows up. I think we are in good shape. Just a comment along that line, there are several institutions that have commercial food operations and we're one of them. Every three or four years, the contract is renegotiated and the commercial food operation will come forth with a big carrot, and offer you a significant a lot of money, to re-enter into an extended contract. The good side of that, it frees up some money to make some improvements to the facility or whatever. But, I kid you not, it comes out of the contract. The kids end up paying for that in an adjusted menu option. I've seen it over and over again. One of the colleges that mentioned that to me last fall, that they were considering going self-operating and that's challenging too because of that. But I just bring that up. There is no free money out there. It's got to be paid for.

Chairman Holmberg: Are there campuses like Minot, is that. Didn't you have Marriott, or somebody at one point.

Senator Robinson: Many of them are with Sedexo, Minot, Valley City and Dakota College, I think Mayville is self- operating.

Chairman Holmberg: How about UND? That would be self. They do that themselves, or don't you know? The food service?

Senator Robinson: Is Dickinson contracting?

Senator Krebsbach: Yes, now they are.

Chairman Holmberg: It's being paid for. Does that save money? Years ago, and most of these folks were here when there was that push we got to have private prisons because it saves money.

Senator Robinson: As you read the studies on that, it's kind of a cherry picking situation. They have to realize a profit. They do have a level of sophistication that you welcome and

purchasing power that you welcome, but they are not in it to lose any money. They are going to make money. Somehow, someway, they've got to get very creative on the menus, labor control, all of those costs centers and they've got the ability to push a button and adjust level one, level two, level three vegetables, for example. That is what happens.

Chairman Holmberg: Anything else.

Senator Robinson: I think we have done some good work here. It's too bad we can't put it on the consent calendar and send it to the Governor.

Chairman Holmberg: He will veto it. You saw he vetoed today, the budget section. He said it was overreach. I don't remember the number. It was 2055.

(0.17.25) Tammy Dolan: If you are going to specifically list projects, in that capital building fund section if that's how you choose to proceed, I would ask that you could consider listing all of the projects in the top 10 lists that were submitted to OMB that are more than $700,000 on there. So all the top 10 projects could be addressed if we can raise the money. So that would include the Valley City life safety projects; the Minot generators; the Nelson Science Center; Bottineau and the Hektner Student Center improvements at Wahpeton if that is something that you would consider. That way if those institutions could come up with the match, they could address those projects. Those were our top 10 projects that were submitted. Just for your consideration. The others would be as I understand either direct in the bonding bill, or because there is language in there regarding projects under $700,000. Those would be eligible projects, I believe, if council agrees with that interpretation.

Senator Krebsbach: If they come up with the match could they use the deferred abatements allowance to be that match?

Tammy Dolan. No, the language specifically prohibits that. So they can't use the extraordinary repair money for matching the tier one, it's got to be different money.

Chairman Holmberg: Otherwise they would be matching state money to get from the state. Anything else from the audience? Any thank you' s from the audience? I have briefed Representative Sanford on the big picture things that we've looked at. He recognizes that we need more discussion on the whole tier issue. What do you think of Tammy's suggestion about making them eligible?

Alex Cronquist: They will need to be specifically specified or they are not eligible. For the projects over $700,000 or those that add any square footage to a building.

Chairman Holmberg: So, if they are not on the list then, and they are able to raise the money they wouldn't be able to proceed in this category? I don't see a harm, because it's not costing us anything. If they go out and hustle and find a few bucks, that's good. Let's do it. Where are we at? **(0.21.2).** Are we ready to have Alex put together an amendment? Is there any holes in what you have as far as not being sure of what we are asking?

Alex Cronquist: I don't believe so. Tammy requested the top 10 projects, and you've also kind of given some approval for UND to deferred maintenance, do you want that included as well under the Capital Building Fund, or is the $15M and cut it off there with the bonding?

Chairman Holmberg: With the bonding I mean that will take care of some of what it is they want. We'll take a look once we get to conference committee. There will be other discussion about the $15M, also about the $10M, the bonding things, but okay, this will be before the committee tomorrow or Friday. Tomorrow is to aggressive.

Alex Cronquist: We can have it to you tomorrow.

Alex Cronquist: The differentiated tuition rates did you want to allow those to go beyond the 4%? The differentiated tuition rates?

Chairman Holmberg: Who differentiated the high cost programs?

Senator Krebsbach: The high cost programs have to be differentiated.

Alex Cronquist: And allow them to raise that differentiated rate more than 4%.

Chairman Holmberg: And we had a list, is that a locked list? By that I mean those are the ones that would be able to do it, they couldn't throw in sociology.

Tammy Dolan: Those are the categories that have been approved by the Board and they are all in our new tuition model. I don't see any new ones coming forward. They could request them but that would require board approval and it wouldn't be until the fall of 2020 for sure. I would say that is the most that you would see for now until next biennium for sure.

Alex Cronquist: Do you want that specifically listed or do you want to say differentiate tuition rates are exempt?

Chairman Holmberg: Yes. The subcommittee hearing on HB 1003 was closed.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1003
4/11/2019
JOB # 34694

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Alice Delzer / Florence Mayer

Explanation or reason for introduction of bill/resolution:

A BILL for an Act for an appropriation to defray the expenses of the NDUS.

Minutes: 1.Proposed Amendment #19.0191.02005

Chairman Holmberg: Called the committee back to order on HB 1003. All committee members were present. Alex Cronquist, Legislative Council and Renae Bloms, OMB were also present.
We will take up HB 1003. I did have to go over and tell Representative Delzer that when all is said and done, the difference between the House and Senate on ongoing general fund spending is $600,000. We just got this, so all you have is the amendment.
Submitted **Attachment #1**, proposed Amendment #19.0101.02005 and explained the amendment to the committee. Overall, the best way to keep this budget in mind is the funding on the campuses is based on the weighted formula. The weighted formula did not change. Depending upon the number of credit hour competitions and the formula that is used, Sociology 101 pays less than does a biochemistry class. That's the amount of funding that particular campus gets. We didn't make changes there. Go to page 15, there were two changes made in system governance. One of them was the salary adjustment, the other was we are members of Western Interstate Commission for Higher Education (WICHE) Convention in Bismarck in May. I am chairman of WICHE so there is a conflict of interest. It would be tacky to bring them to Bismarck and we have not paid our full dues. We are paying our full dues also for NCSL in the legislative budget. As I understand, the House is putting in full dues for CSG and for Education Commission of the States. Last time we did 90%. Core technology services, this is salary adjustments. The next one is other line item transfers or changes. Competitive research programs that is what is typically known as EPSCORE. That is to match federal money. About 4-6 years ago, we did the marriage between NASA EPSCORE and regular EPSCORE. The marriage did not work out. What you see there where it says competitive research grants, we took $342,000 and that was sent to NASA / EPSCORE. Regular EPSCORE is mostly focused on the research universities, but there is some work in other campuses. NASA / EPSCORE is in practically all the campuses and that is run out of space studies at UND. Challenge grants was the biggest change we made in this budget. It came in at $2.2 million. The committee decided, you will see the formula of what goes to the various campuses, to change it to a total of $12.5 million. The current biennium there was $200,000 per campus, except for Dickinson who had their own line item.

A few years ago, the budget request was $40 million; we've been at $30 million. This last session we were at $2 million. This is an expansion of that program, which we understand is quite successful and used. It is a matching program, so they have to raise the money to get the money. There are thresholds, you don't get any money at UND, and NDSU until you've raised at least $50,000, then you can start matching. At the smaller campuses, the match requirement is $25,000 and then you can access some of that money.

(0.07:13) Senator Robinson: I thought I would mention, Senator Krebsbach and Senator Grabinger are on that challenge grant committee representing the Senate.

(0.07.27) Chairman Holmberg: He continued with the amounts for the individual campuses, listed on page 15 of Attachment #1. I think this is a proposal the House will struggle with the most because it has the most money. NDSU and UND would have $2 million each. BSC, Minot State, NDSCS would have $1.2 million each. Then $1 million each for Mayville, Valley City, DSU. And $500,000 each for Dakota College, Lake Region, and Williston. There would be a $400,000 pool available to the non-research universities. If Minot State was able to match all of the money, they had and they had additional money, they could go after some of that $400,000 pool. There is also a provision that if a campus can't raise the money, that money on January of 2021 the money becomes available and goes into the pool. We don't want to have the assets stranded if there are research opportunities available at other campuses.
Tribal grants, which is the non-beneficiated, we had confusion on that. We had $500,000 dollars that was put in the wrong budget. We took it out and put it in the right budget. That ends up then having the same amount of funding for those students as they've had this time around. The next one is the credit hour completion and the salaries that were adjusted to the various campuses. In this bill, we did something that we've been asked. The board was supportive, the universities was. The school of law has had its issues and problems. There were a couple things we did in this budget to bring them on track. The word on the street is, although they might not be in the top 10 of schools that will lose accreditation, they had honorable mention for that. They have a number of faculty positions that are not filled or filled appropriately. Not this coming school year, but the next, they will be up for accreditation. They need to have some faculty positions filled and they need tenure track. Even though a professor might not be tenured, if they're on a tenure track, the ABA counts that as someone fulfilling the little boxes they check throughout accreditation. That is why you see the school of law adjustment. The money going to the school of law used to bleed through the university. Now, like the medical school, they will have their own line item. That money going to the school of law can be followed a little better. The adjustment you see here had to do with changing the formula to provide more funding so they would have an opportunity to have the faculty, the clinic, and 5-6 different areas that they would be able to fund. In addition, they have a $250,000 challenge grant appropriation that they have to match 2 to 1. They can raise that through their friends, additional funding for the law school. Mistakes were made there and done at the highest level. Now the law school is in rough shape. If we want to continue, we believe we need to fund it adequately and they have the clean up their act. They have to be accepting students and graduating those who are ready to take the bar exam. They need to change their focus and they need to put a greater emphasis on energy, oil & gas, and some of the North Dakota specific things. If they graduated 10 students who were looking at oil and gas, those people would be hired immediately. Right now, we are hiring people from out of state to go out there. There has been a lot of support from the energy industry and the

BAR that these changes are necessary. The other adjustment in this column has to do with the cost of living. When you look at the difference of personal income, their average is $30,000 more than Bismarck is. Yet they are trying to hire folks at the same salary schedule, so they received an infusion of $998,000 for that kind of adjustment. The following adjustments, this is the money that comes from other funds to pay for salary. That is at the bottom of page 15. The foot note for our transferred from the line item, this is just setting up the line item for the law school. The next one, one time funding. The Bank of North Dakota offered to help underwrite research in a specific area. It is a northern tier and it is really research specific. They money goes to each campus. In visiting with the campuses, they said this was more critical than the research money; this is an unpinning for the research that is done on those campuses. We didn't fully fund it, they had asked for $5.7 million and they received a total of $5 million. I don't know the end result of the next one, there is the discussions we had earlier about digitization. The original request was $750,000 the House reduced it to $250,000 and we went back to the executive recommendation. There are some capital projects in this budget. We had a flap over revenue bonds for UND parking. They are getting their act together and I believe they will see very little change. What was touted out was a $25 million revenue bond and the parking fees would triple for staff and faculty. They would approach $600 from $225. There was some angst on campus and what we did was cut that from $25 million to $10 million. They might lose it all until they show us publically what kind of fee schedule they're putting together. For us to give these pay raises and then most of it is eaten up by them changing their parking fees, was a bridge too far. The next item is deferred maintenance. We constantly urge campuses to think outside the box, then when we do, we play whack-a-mole too often. UND decided they would try something different; they wanted to do appropriation bonds. They asked the board for $120 million worth of bonds. The board said $80 million. I don't know those discussions. The sense was that they do not come under the cap on how much bonding the state can do. There is a difference of opinion. They were under the impression it does not come under that limitation, but Carline Fine was here and said it does. We follow her advice because she's the one that runs the program. They were the first ones out of the shoot so the current capacity could take the $80 million. That would mean if the program was successful after UND put their toe in the water and got their hands on the $80 million. If other campuses down the road came in, the money wouldn't be available. That was the lead on that change. Senator Krebsbach said it wasn't right. We reduced them from the $80 million to $15 million. I talked to UND today and they were having another discussion, they thought there was money there they could do something with. They would pay it back through their own money they raised. It would set an example that wither this is a good route for other campuses or this is a terrible idea. We'd rather have them be successful, but if it's not we don't want to have tied up $80 million worth of bonding capacity and then be asked to bail them out. It was a lot of bonding and a lot of debt that they were going to take on. There appears to be an administrative change. I don't know if the next person coming in would have the same strategic priorities. What they have put together is outside of the box, but it makes sense and eliminates a lot of their deferred maintenance.

(0.21.25) The next item is the Career Academy. There are no funds; it just gives authorization to the College of Science to raise money if they want to, up to $30 million. They've already raised about $12 million. The CTE budget had $30 million in it for statewide career academies, that didn't go anywhere. The final one in the other funds area is Dakota College at Bottineau. In the bonding bill SB 2297, there is $1 million for Bottineau, there is $2.5 million for Bottineau. Together that is $3.5 million. The dining hall will be paid for with revenue bonds

and the other parts are the backup boiler and finishing Nelson Science Center. They won't do revenue bonds on a boiler. They have the ability to fix those 3 things. The House put together a new system of funding for buildings. It is best described if you are familiar with school districts do building funds. They have a 3-tiered system. Tier 1 is what we are doing now, tier 2 provided that you had to raise tuition 1% each year in order to generate the money, we didn't think we wanted to put that in there. Many of the tuition increases the campuses are authorized for in this bill will be used to cover the salary increases we mandated. We took out that tuition increase percent. We left 3 tiers and we took out that money so that will be part of the discussion at conference. They had worked hard on that, but also understood the challenges. Some campuses are able to match these programs, others struggle with that. On tier 1 there were 7 campuses unable to fully meet the match requirements. We decided to not require that. There was a funding formula error on page 16 from Williston state college of $491,000. They're being paid back for a past error. The $250,000 for the school of law challenge grant. Workforce initiative, this has to do with the polytechnic initiative at Bismarck State and the dual mission at Dickinson. DSU used to have 2-year programs and certificate programs, which became out of fashion so they went 4-year. The needs out there are great, they are moving down that path. Each of them will get $1.5 million to assist with the transition. We remove 3 sections. UND did a program with Johnson Controls. Johnson Controls is spending $80 million to build a new steam plant. The funding of that is the regular ongoing cost of heat at UND. It was a great thing. The House put in 3 sections that would have made it difficult for other schools if they find a program or opportunity. Visiting with the person who put it in, in the House, he was fine with us taking it out. That will not be a discussion point of the conference committee. 2 properties at UND authorization is given to sell them. One is a dumpy gallery apartment; there is no state money involved it was a gift. The other is an 8-plex on Stanford road, which is also a dump. That was received as a gift from the friends of UND. They paid $1 for the building. They are selling them and the money goes back to where it came from. A bond authority for UND for maintenance projects has been mentioned. Revenue for the parking project and Dakota College was mentioned. We reduced that matching requirement capital-building fund, which will be part of conference discussion. The capital-building fund in the bill stated that any project under $700,000 was automatically accessible to that. There was discussion in our committee that there were a number of campuses with smaller projects that were over $700,000. We just listed the projects that were eligible for using this program. The projects we put on were from the top 10 projects that the board of higher education had approved.
(0.30.20)The House passed tuition limits in this bill of 3%. But there are campuses that will hit 3% if they are going to pay the 2 and 2 ½ % and the $120 minimum. We raised their optional tuition adjustment to 4%. Each campus does that with the approval of the board of higher education and each campus has to be sensitive to what the market bears. Another major change has to do with last session. We had authorized programs to exceed the cap, an example is law or medicine or pharmacy. Those programs are very competitive. They are expensive programs. It is called differential tuition. There are some engineering programs and architecture that the board could increase the tuition for. Alex is finding some 2-year programs.

(0.32:22) Alex Cronquist, Legislative Council: At BSC there is the Bachelor of Applied Science Nursing and technical degrees that are differentiated. At Williston, there is nursing, diesel, welding, massage, lab sciences and CIS/CSCI

Chairman Holmberg: Regionally we compete very well with our neighbors in the research universities and 4-year schools. Even though they are 30 miles from Grand Forks, we are much cheaper then Crookston, University of MN, MN State, etc. The same with Fargo. Our 2-year schools are not particularly competitive. One would expect they would be more cautious on raising their tuition. We didn't hearing complaining from those folks on the salary adjustments we made. Overall, this is a 5.8% increase in ongoing funding from last session. Last session was a 17% reduction from the time before. They reduced about 700 positions, which saved $92 million dollars ongoing per biennium. In 2018, we were ranked 13th in state appropriation per FTE student. Last year we were 8th. In total education revenues per FTE, we are now 11th in the nation compared to 6th last time. In the last 10 years, ND was leading the charge as far as how many additional resources we had put into higher education. We had very little competition for a number of years. A couple years we were increasing the amount of funds. The number of students has flat lined. Midwest Higher Education Compact (MHEC) was removed by the legislature 2 years ago, it is back in. We did nothing to it, the House added it. Any questions?

(0.36:14) Senator Dever: I didn't see or hear anything about the Health Science Building at BSC, is that apart of this or somewhere else?

Chairman Holmberg: No, all of the building except for what I mentioned is in SB 2297.

Senator Dever: It is there though?

Chairman Holmberg: It's a separate bill. It is higher education but separate. It has Dunbar Hall, $40 million state bonding, $11.2 local funds, they have already raised some. There is still discussion going on about that level. There is Valley City Communications, they asked $32 million and received $30 million. UND Gamble hall, $61 million dollar building, bonding for $6 million and $9 million of cash. Pulver Hall $4 million bonding. BSC nursing $8.9 million of cash. We already mentioned the dinging at Dakota College. Lake Region $1 million. None of that is in this budget, but they all are university system projects. There is ongoing discussion of Harris hall. That was passed by this body but was removed by the House. That will not be concurred in.

Senator Robinson: Moved Amendment # 19.0191.02005. 2nd by V. Chairman Krebsbach. A voice vote was done. Motion carried.

Senator Robinson: Moved a Do Pass as Amended on HB 1003. 2nd by V. Chairman Krebsbach.

Chairman Holmberg: It is a total money difference between the House and Senate of a little over $10 million. That is because of the infusion of funding for the challenge grants.

A Roll Call Vote Was Taken: 14 yea, 0 nay, 0 absent. Motion carried. Chairman Holmberg will carry the bill.

Chairman Holmberg: The legislative bill budget with the library is not ready to come out of the oven. HB 1018 Commerce is this afternoon and HB 1021 is going to be ready, they met this morning. Ethics meets this afternoon. We will come down right after session. Committee is adjourned.

SK
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19.0191.02005
Title.03000
Fiscal No. 1

Prepared by the Legislative Council staff for
Senator Holmberg
April 10, 2019

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1003

Page 1, line 2, remove "three new subsections to"

Page 1, line 3, replace "section 15-10-63" with "sections 15-10-48.1 and 15-18.2-04.1"

Page 1, line 4, replace "and capital project authorization" with ", matching grants for the university of North Dakota school of law, and a cost of living factor for state aid to institutions"

Page 1, line 4, after "sections" insert "15-10-48,"

Page 1, line 4, after the comma insert "15-10-50,"

Page 1, line 9, after the semicolon insert "to authorize the industrial commission to issue and sell evidences of indebtedness for capital projects;"

Page 1, line 10, after "transfer" insert "; to provide for the conveyance of real property"

Page 1, remove line 24

Page 2, replace lines 1 through 22 with:

"Capital assets - bond payments	$6,605,326	($1,645,878)	$4,959,448
Competitive research programs	6,027,750	(342,000)	5,685,750
NASA EPSCoR	0	342,000	342,000
System governance	8,163,238	324,629	8,487,867
Title II	1,006,472	(1,006,472)	0
Core technology services	61,527,347	758,781	62,286,128
Student financial assistance grants	21,917,306	2,000,000	23,917,306
Professional student exchange program	3,699,342	0	3,699,342
Academic and technical education scholarships	12,016,749	0	12,016,749
Scholars program	1,807,115	0	1,807,115
Native American scholarship	555,323	0	555,323
Tribally controlled community college grants	600,000	400,000	1,000,000
Education incentive programs	2,863,393	(2,103,393)	760,000
Student mental health	284,400	0	284,400
Veterans' assistance grants	277,875	0	277,875
Shared campus services	500,000	0	500,000
Dual-credit instructor assistance	200,000	(200,000)	0
Education challenge fund	0	12,500,000	12,500,000
Tier III capital building fund pool	0	9,000,000	9,000,000
Total all funds	$128,051,636	$20,027,667	$148,079,303
Less estimated income	26,412,106	2,590,100	29,002,206
Total general fund	$101,639,530	$17,437,567	$119,077,097
Full-time equivalent positions	149.40	(0.50)	148.90"

Page 2, remove lines 27 through 31

Page 3, replace lines 1 and 2 with:

"Operations	$101,670,034	($2,948,759)	$98,721,275
Capital assets	1,922,561	0	1,922,561
Capital building fund	0	851,386	851,386
Total all funds	$103,592,595	($2,097,373)	$101,495,222
Less estimated income	72,991,998	(2,542,596)	70,449,402
Total general fund	$30,600,597	$445,223	$31,045,820
Full-time equivalent positions	358.35	(34.42)	323.93"

Page 3, replace lines 7 through 13 with:

"Operations	$36,449,048	$1,100,743	$37,549,791
Capital assets	362,667	3,000,000	3,362,667
Capital building fund	0	354,750	354,750
Total all funds	$36,811,715	$4,455,493	$41,267,208
Less estimated income	24,111,092	4,220,172	28,331,264
Total general fund	$12,700,623	$235,321	$12,935,944
Full-time equivalent positions	129.61	(11.51)	118.10"

Page 3, replace lines 18 through 24 with:

"Operations	$26,954,133	$6,640,714	$33,594,847
Capital assets	1,261,968	0	1,261,968
Capital building fund	0	275,894	275,894
Total all funds	$28,216,101	$6,916,608	$35,132,709
Less estimated income	19,855,598	4,210,581	24,066,179
Total general fund	$8,360,503	$2,706,027	$11,066,530
Full-time equivalent positions	100.75	(0.27)	100.48"

Page 3, remove lines 29 through 31

Page 4, replace lines 1 through 4 with:

"Operations	$864,554,974	$7,993,510	$872,548,484
School of law	0	19,425,648	19,425,648
Capital assets	4,411,566	140,000,000	144,411,566
Capital building fund	0	8,723,602	8,723,602
Total all funds	$868,966,540	$176,142,760	$1,045,109,300
Less estimated income	728,870,450	166,538,829	895,409,279
Total general fund	$140,096,090	$9,603,931	$149,700,021
Full-time equivalent positions	2,218.07	(85.90)	2,132.17"

Page 4, replace lines 9 through 15 with:

"Operations	$732,673,267	$13,602,304	$746,275,571
Capital assets	7,799,104	79,800,000	87,599,104
Capital building fund	0	5,799,192	5,799,192
Total all funds	$740,472,371	$99,201,496	$839,673,867
Less estimated income	611,881,329	95,077,555	706,958,884
Total general fund	$128,591,042	$4,123,941	$132,714,983
Full-time equivalent positions	1,895.66	(25.50)	1,870.16"

Page 4, replace lines 20 through 26 with:

"Operations	$91,682,610	$4,016,447	$95,699,057
Capital assets	1,012,379	30,000,000	31,012,379
Capital building fund	0	1,001,390	1,001,390

Total all funds	$92,694,989	$35,017,837	$127,712,826
Less estimated income	57,605,613	33,591,545	91,197,158
Total general fund	$35,089,376	$1,426,292	$36,515,668
Full-time equivalent positions	345.04	(34.31)	310.73"

Page 4, remove line 31

Page 5, replace lines 1 through 7 with:

"Operations	$47,135,592	$1,425,402	$48,560,994
Capital assets	409,078	0	409,078
Capital building fund	0	537,724	537,724
Theodore Roosevelt digitization	0	750,000	750,000
Total all funds	$47,544,670	$2,713,126	$50,257,796
Less estimated income	29,737,827	1,376,906	31,114,733
Total general fund	$17,806,843	$1,336,220	$19,143,063
Full-time equivalent positions	168.90	44.36	213.26"

Page 5, replace lines 12 through 18 with:

"Operations	$44,197,761	$3,521,794	$47,719,555
Capital assets	358,992	0	358,992
Capital building fund	0	480,058	480,058
Total all funds	$44,556,753	$4,001,852	$48,558,605
Less estimated income	30,307,148	1,830,841	32,137,989
Total general fund	$14,249,605	$2,171,011	$16,420,616
Full-time equivalent positions	210.53	(1.26)	209.27"

Page 5, replace lines 23 through 29 with:

"Operations	$100,710,275	$1,614,798	$102,325,073
Capital assets	1,099,620	0	1,099,620
Capital building fund	0	1,145,602	1,145,602
Total all funds	$101,809,895	$2,760,400	$104,570,295
Less estimated income	62,058,916	2,614,686	64,673,602
Total general fund	$39,750,979	$145,714	$39,896,693
Full-time equivalent positions	441.65	(34.07)	407.58"

Page 6, replace lines 3 through 9 with:

"Operations	$48,444,336	($267,408)	$48,176,928
Capital assets	455,823	0	455,823
Capital building fund	0	618,274	618,274
Total all funds	$48,900,159	$350,866	$49,251,025
Less estimated income	28,470,657	(1,878,565)	26,592,092
Total general fund	$20,429,502	$2,229,431	$22,658,933
Full-time equivalent positions	202.75	(22.07)	180.68"

Page 6, replace lines 14 through 20 with:

"Operations	$17,168,111	$4,266,912	$21,435,023
Capital assets	114,007	2,500,000	2,614,007
Capital building fund	0	212,128	212,128
Total all funds	$17,282,118	$6,979,040	$24,261,158
Less estimated income	9,629,173	6,896,742	16,525,915

Total general fund	$7,652,945	$82,298	$7,735,243
Full-time equivalent positions	84.30	(2.01)	82.29"

Page 6, replace lines 25 through 30 with:

"Operations	$205,926,712	$5,369,938	$211,296,650
Health care workforce initiative	0	10,676,150	10,676,150
Total all funds	$205,926,712	$16,046,088	$221,972,800
Less estimated income	154,078,620	4,958,391	159,037,011
Total general fund	$51,848,092	$11,087,697	$62,935,789
Full-time equivalent positions	435.75	49.57	485.32"

Page 7, replace lines 4 through 9 with:

"Operations	$14,958,447	$264,889	$15,223,336
Capital assets	118,728	0	118,728
Total all funds	$15,077,175	$264,889	$15,342,064
Less estimated income	10,650,748	14,652	10,665,400
Total general fund	$4,426,427	$250,237	$4,676,664
Full-time equivalent positions	27.00	0.00	27.00"

Page 7, replace lines 14 through 16 with:

"Grand total general fund	$613,242,154	$53,280,910	$666,523,064
Grand total special funds	1,866,661,275	319,499,839	2,186,161,114
Grand total all funds	$2,479,903,429	$372,780,749	$2,852,684,178"

Page 7, remove lines 21 through 31

Page 8, replace lines 1 and 2 with:

"Capital projects - other funds	$168,505,000	$255,300,000
Education challenge grants	2,000,000	12,500,000
Tier II and tier III capital building funds	0	29,000,000
Theodore Roosevelt digitization	0	750,000
University of North Dakota research digital initiative	0	2,500,000
North Dakota state university research digital initiative	0	2,500,000
Institution operations distributions	2,000,000	0
Dickinson state university operations and debt repayment	8,284,626	0
Two-year campus study	40,000	0
Valley City state university integrated carbon project	22,500,000	0
Minot state university projects	2,284,000	0
Midwestern higher education compact dues	230,000	0
Total all funds	$205,843,626	$302,550,000
Total other funds	193,289,000	285,300,000
Total general fund	$12,554,626	$17,250,000"

Page 8, after line 7, insert:

"**SECTION 3. APPROPRIATION - 2017-19 BIENNIUM - WILLISTON STATE COLLEGE.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $491,850, or so much of the sum as may be necessary, to Williston state college for institution operations, for the period beginning with the effective date of this Act, and ending June 30, 2019. In accordance with section 54-44.1-11, any unexpended funds from this appropriation may be continued into the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 4. APPROPRIATION - 2017-19 BIENNIUM - STATE BOARD OF HIGHER EDUCATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $250,000, or so much of the sum as may be necessary, to the state board of higher education for the purpose of providing matching grants for clinical legal education, including indigent legal services, and for the recruitment and retention of faculty at the university of North Dakota school of law, for the period beginning with the effective date of this Act, and ending June 30, 2019. In accordance with section 54-44.1-11, any unexpended funds from this appropriation may be continued into the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 5. APPROPRIATION - 2017-19 BIENNIUM - STATE BOARD OF HIGHER EDUCATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $3,000,000, or so much of the sum as may be necessary, to the state board of higher education for campus workforce initiative projects, including the Bismarck state college polytechnic and Dickinson state university dual-mission transitions, for the period beginning with the effective date of this Act, and ending June 30, 2019. In accordance with section 54-44.1-11, any unexpended funds from this appropriation may be continued into the biennium beginning July 1, 2019, and ending June 30, 2021."

Page 13, after line 26, insert:

"**SECTION 7. AMENDMENT.** Section 15-10-48 of the North Dakota Century Code is amended and reenacted as follows:

15-10-48. Advancement of academics - Matching grants - University of North Dakota and North Dakota state university.

1. a. Subject to legislative appropriations, each biennium during the period beginning July first of each odd-numbered year and ending December thirty-first of each even-numbered year, the state board of higher education shall award one dollar in matching grants for every two dollars raised by the institutional foundations of the university of North Dakota and North Dakota state university for projects dedicated exclusively to the advancement of academics.

   b. To be eligible for a matching grant, an institution must demonstrate that:

      (1) Its foundation has raised at least fifty thousand dollars in cash or monetary pledges for a qualifying project; and

      (2) The project has been approved by the grant review committee established in section 15-10-51.

   c. The board may award up to two ~~hundred thousand~~million dollars in matching grants to each institution.

   d. Projects at the university of North Dakota school of medicine and health sciences are not eligible to receive a grant under this section.

2. a. If any available dollars have not been awarded by the board before January first of each odd-numbered year, in accordance with subsection 1, either the university of North Dakota or North Dakota state university may apply for an additional matching grant.

b. An application submitted under this subsection must meet the same criteria as an original application.

c. The board shall consider each application submitted under this subsection in chronological order.

d. If the remaining dollars are insufficient to provide a matching grant in the amount of one dollar for every two dollars raised by the institutional foundation, the board shall award a lesser amount.

3. The state board of higher education shall retain up to one-quarter of one percent of any grant awarded under this section to assist with administrative expenses incurred in the grant review process.

SECTION 8. Section 15-10-48.1 of the North Dakota Century Code is created and enacted as follows:

15-10-48.1. Clinical legal education, including indigent legal services, and faculty recruitment and retention - Matching grants - University of North Dakota school of law.

1. a. Subject to legislative appropriations, each biennium the state board of higher education shall award one dollar in matching grants for every two dollars raised by the institutional foundation of the university of North Dakota for projects dedicated exclusively to clinical legal education, including indigent legal services, or the recruitment and retention of faculty at the school of law.

b. To be eligible for a matching grant, the institution must demonstrate:

(1) Its foundation has raised at least twenty-five thousand dollars in cash or monetary pledges for a qualifying project; and

(2) The project has been approved by the grant review committee established in section 15-10-51.

c. The board may award up to two hundred fifty thousand dollars in matching grants under this section.

d. If the remaining dollars are insufficient to provide a matching grant in the amount of one dollar for every two dollars raised by the institutional foundation, the board shall award a lesser amount.

2. The state board of higher education shall retain up to one-quarter of one percent of any grant awarded under this section to assist with the administrative expenses incurred in the grant review process."

Page 14, line 16, overstrike "two hundred thousand dollars in matching grants to"

Page 14, overstrike line 17 and insert immediately thereafter ":

(1) One million two hundred thousand dollars each to Bismarck state college, Minot state university, and the North Dakota state college of science;

(2) One million dollars each to Dickinson state university, Mayville state university, and Valley City state university; and

(3) Five hundred thousand dollars each to Dakota college at Bottineau, Lake Region state college, and Williston state college."

Page 14, line 28, after "3." insert:

"a. The board may award an additional four hundred thousand dollars in matching grants to institutions that have been awarded the entire allocation allowed under subsection 1 and apply for an additional matching grant.

b. An application submitted under this subsection must meet the same criteria as in the original application.

c. The board shall consider each application submitted under this subsection in chronological order.

d. If the funding provided under this subsection is insufficient to provide a matching grant in the amount of one dollar for every two dollars raised by the institutional foundation, the board shall award a lesser amount.

4."

Page 15, remove lines 1 through 31

Page 16, replace lines 1 through 4 with:

"**SECTION 10. AMENDMENT.** Section 15-10-50 of the North Dakota Century Code is amended and reenacted as follows:

15-10-50. Liability for pledged amount.

If in accordance with section 15-10-48, 15-10-48.1, or 15-10-49, the state board of higher education provides grant funds to an institution, on the basis of a monetary pledge, and if the amount forthcoming is less than the amount pledged, the institutional foundation is liable to the institution for any shortfall."

Page 17, line 26, overstrike "10.5" and insert immediately thereafter "13.3"

Page 18, after line 9, insert:

"**SECTION 12.** Section 15-18.2-04.1 of the North Dakota Century Code is created and enacted as follows:

15-18.2-04.1. Cost of living factor - Determination.

For each institution under its control, the state board of higher education shall multiply the product determined under section 15-18.2-04 by a cost of living factor of:

1. 1.0 if the institution is located in a county with a median household income, when divided by the North Dakota average household income results in a quotient of less than 1.35; or

2. 1.1 if the institution is located in a county with a median household income, when divided by the North Dakota average household income results in a quotient of 1.35 or more."

Page 18, line 15, overstrike "15-18.2-04" and insert immediately thereafter "15-18.2-04.1"

Page 18, line 16, replace "$60.70" with "$60.87"

Page 18, line 18, replace "$90.48" with "$90.98"

Page 18, line 20, replace "$96.52" with "$96.99"

Page 21, line 29, replace "biennium" with "period"

Page 21, line 29, remove "July 1,"

Page 21, line 30, replace "2019" with "with the effective date of this Act"

Page 22, after line 12, insert:

"**SECTION 23. SALE OF PROPERTY AUTHORIZED.** The state of North Dakota, by and through the state board of higher education, may sell and convey certain real property known as gallery apartments, lots 1, 2, and 3, block 13, university heights addition, and lots 1, 2, 3, 4, 5, and 6, block 1, university heights 2nd addition, in the records of the city of Grand Forks. The state of North Dakota, by and through the state board of higher education, may sell and convey certain real property located at 1225 stanford road, lots 1 and 2, block 5, university heights addition, in the records of the city of Grand Forks. If any of the real property authorized to be conveyed under this section is conveyed, the terms of the conveyance must be determined jointly by the state board of higher education or a designee of the board and the commissioner of university and school lands. Sections 54-01-05.2 and 54-01-05.5 do not apply to the transfers authorized by this section.

SECTION 24. PROJECT AUTHORIZATIONS. The industrial commission, acting as the North Dakota building authority, shall arrange for the funding of the projects authorized in this section, declared to be in the public interest, through the issuance of evidences of indebtedness under chapter 54-17.2, beginning with the effective date of this Act, and ending June 30, 2021. The industrial commission shall issue evidences of indebtedness under this section with the condition that lease rental payments need not begin until July 1, 2021. The authority of the industrial commission to issue evidences of indebtedness under this section ends June 30, 2021, but the industrial commission may continue to exercise all other powers granted to it under chapter 54-17.2 and this Act and comply with any covenants entered before that date. The proceeds of the evidences of indebtedness are included in the appropriation in subdivision 5 of section 1, beginning with the effective date of this Act, and ending June 30, 2021, for the following projects:

University of North Dakota - deferred maintenance projects	$15,000,000
Total special funds	$15,000,000

The university of North Dakota is responsible for the repayment of any evidences of indebtedness issued under this section from institution operations funding or other local funds."

Page 22, replace lines 23 through 25 with:

"University of North Dakota - memorial union	$80,000,000
University of North Dakota - parking lot projects	10,000,000
North Dakota state university - university village phase II	37,600,000
Dakota college at Bottineau - dining facility	2,500,000
Total special funds	$130,100,000"

Page 23, line 3, remove "and $8,648,555 from a one percent per year increase in tuition"

Page 23, replace lines 5 through 18 with:

	"Bank of North Dakota
Bismarck state college	$425,693
Lake Region state college	177,375
Williston state college	137,947
University of North Dakota	4,361,801
North Dakota state university	2,899,596
North Dakota state college of science	500,695
Dickinson state university	268,862
Mayville state university	240,029
Minot state university	572,801
Valley City state university	309,137
Dakota college at Bottineau	106,064
Total	$10,000,000"

Page 23, line 20, remove "and for each one dollar generated from the"

Page 23, line 21, remove "one percent per year increase in tuition"

Page 24, line 17, replace "two dollars" with "one dollar"

Page 24, line 26, remove "Lake Region state college is authorized to use up to $3,000,000 from its"

Page 24, line 27, replace "capital building fund line item for the precision agriculture center project." with "the following projects are authorized to use funding from the corresponding institution's capital building fund line item:

Lake Region state college - precision agriculture center	$3,000,000
North Dakota state college of science - Hektner Student Center	6,708,000
Minot state university - dome wellness emergency generators	1,130,335
Valley City state university - life safety projects	2,529,323
Dakota college at Bottineau - Nelson Science Center	1,177,758
Total	$14,545,416"

Page 24, after line 31, insert:

"**SECTION 29. TRANSFER - BANK OF NORTH DAKOTA PROFITS - RESEARCH DIGITAL INITIATIVE.** The industrial commission shall transfer to the university of North Dakota a total of $2,500,000, or so much of the sum as may be necessary, and to North Dakota state university a total of $2,500,000, or so much of the sum as may be necessary, from the current earnings and accumulated undivided profits of the Bank of North Dakota during the biennium beginning July 1, 2019, and ending June 30, 2021, as requested by the commissioner of higher education. The estimated income line items in subdivisions 5 and 6 of section 1 include $2,500,000 each for the university of North Dakota and North Dakota state university for the campus research digital initiative."

Page 25, line 5, replace "three" with "four"

Page 25, line 14, replace "three" with "four"

Page 26, line 1, after "6." insert "This section does not apply to differentiated tuition rates charged for higher cost programs.

7."

Page 26, remove lines 7 through 18

Page 26, line 19, replace "14, 16, 18, 19, 20, 21, and 22" with "3, 4, 5, 18, 20, 22, 23, 24, 25, 26, 27, and 28"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1003 - Summary of Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
University System Office				
Total all funds	$128,051,636	$137,139,110	$10,940,193	$148,079,303
Less estimated income	26,412,106	28,962,716	39,490	29,002,206
General fund	$101,639,530	$108,176,394	$10,900,703	$119,077,097
FTE	149.40	148.90	0.00	148.90
Bismarck State College				
Total all funds	$103,592,595	$100,824,502	$670,720	$101,495,222
Less estimated income	72,991,998	69,929,126	520,276	70,449,402
General fund	$30,600,597	$30,895,376	$150,444	$31,045,820
FTE	358.35	323.93	0.00	323.93
Lake Region State College				
Total all funds	$36,811,715	$41,390,022	($122,814)	$41,267,208
Less estimated income	24,111,092	28,516,764	(185,500)	28,331,264
General fund	$12,700,623	$12,873,258	$62,686	$12,935,944
FTE	129.61	118.10	0.00	118.10
Williston State College				
Total all funds	$28,216,101	$29,729,665	$5,403,044	$35,132,709
Less estimated income	19,855,598	19,717,935	4,348,244	24,066,179
General fund	$8,360,503	$10,011,730	$1,054,800	$11,066,530
FTE	100.75	100.48	0.00	100.48
University of North Dakota				
Total all funds	$868,966,540	$1,019,612,441	$25,496,859	$1,045,109,300
Less estimated income	728,870,450	872,789,252	22,620,027	895,409,279
General fund	$140,096,090	$146,823,189	$2,876,832	$149,700,021
FTE	2,218.07	2,132.17	0.00	2,132.17
UND Medical Center				
Total all funds	$205,926,712	$221,782,733	$190,067	$221,972,800
Less estimated income	154,078,620	158,846,944	190,067	159,037,011
General fund	$51,848,092	$62,935,789	$0	$62,935,789
FTE	435.75	485.32	0.00	485.32
North Dakota State University				
Total all funds	$740,472,371	$841,887,616	($2,213,749)	$839,673,867
Less estimated income	611,881,329	709,543,285	(2,584,401)	706,958,884
General fund	$128,591,042	$132,344,331	$370,652	$132,714,983
FTE	1,895.66	1,870.16	0.00	1,870.16
State College of Science				
Total all funds	$92,694,989	$97,843,036	$29,869,790	$127,712,826
Less estimated income	57,605,613	61,504,318	29,692,840	91,197,158
General fund	$35,089,376	$36,338,718	$176,950	$36,515,668
FTE	345.04	310.73	0.00	310.73
Dickinson State University				
Total all funds	$47,544,670	$49,955,579	$302,217	$50,257,796

Less estimated income	29,737,827	31,413,599	(298,866)	31,114,733
General fund	$17,806,843	$18,541,980	$601,083	$19,143,063
FTE	168.90	213.26	0.00	213.26
Mayville State University				
Total all funds	$44,556,753	$48,544,353	$14,252	$48,558,605
Less estimated income	30,307,148	32,213,980	(75,991)	32,137,989
General fund	$14,249,605	$16,330,373	$90,243	$16,420,616
FTE	210.53	209.27	0.00	209.27
Minot State University				
Total all funds	$101,809,895	$104,947,947	($377,652)	$104,570,295
Less estimated income	62,058,916	65,266,608	(593,006)	64,673,602
General fund	$39,750,979	$39,681,339	$215,354	$39,896,693
FTE	441.65	407.58	0.00	407.58
Valley City State University				
Total all funds	$48,900,159	$47,919,475	$1,331,550	$49,251,025
Less estimated income	28,470,657	26,887,399	(295,307)	26,592,092
General fund	$20,429,502	$21,032,076	$1,626,857	$22,658,933
FTE	202.75	180.68	0.00	180.68
Dakota College at Bottineau				
Total all funds	$17,282,118	$18,451,501	$5,809,657	$24,261,158
Less estimated income	9,629,173	10,753,741	5,772,174	16,525,915
General fund	$7,652,945	$7,697,760	$37,483	$7,735,243
FTE	84.30	82.29	0.00	82.29
Forest Service				
Total all funds	$15,077,175	$15,307,224	$34,840	$15,342,064
Less estimated income	10,650,748	10,665,400	0	10,665,400
General fund	$4,426,427	$4,641,824	$34,840	$4,676,664
FTE	27.00	27.00	0.00	27.00
Bill total				
Total all funds	$2,479,903,429	$2,775,335,204	$77,348,974	$2,852,684,178
Less estimated income	1,866,661,275	2,127,011,067	59,150,047	2,186,161,114
General fund	$613,242,154	$648,324,137	$18,198,927	$666,523,064
FTE	6,767.76	6,609.87	0.00	6,609.87

House Bill No. 1003 - North Dakota University System - General Fund Summary

	Base Budget	House Version	Senate Changes	Senate Version
University System Office	$101,639,530	$108,176,394	$10,900,703	$119,077,097
Bismarck State College	30,600,597	30,895,376	150,444	31,045,820
Lake Region State College	12,700,623	12,873,258	62,686	12,935,944
Williston State College	8,360,503	10,011,730	1,054,800	11,066,530
University of North Dakota	140,096,090	146,823,189	2,876,832	149,700,021
UND Medical Center	51,848,092	62,935,789		62,935,789
North Dakota State University	128,591,042	132,344,331	370,652	132,714,983
State College of Science	35,089,376	36,338,718	176,950	36,515,668
Dickinson State University	17,806,843	18,541,980	601,083	19,143,063
Mayville State University	14,249,605	16,330,373	90,243	16,420,616
Minot State University	39,750,979	39,681,339	215,354	39,896,693
Valley City State University	20,429,502	21,032,076	1,626,857	22,658,933
Dakota College at Bottineau	7,652,945	7,697,760	37,483	7,735,243
Forest Service	4,426,427	4,641,824	34,840	4,676,664
Total general fund	$613,242,154	$648,324,137	$18,198,927	$666,523,064

Detail of Senate Changes to the General Fund

	Adjusts Funding for University System Office[1]	Provides Funding Formula Adjustments[2]	Adjusts Special Funds[3]	Establishes a School of Law Line Item[4]	Adds One-Time Funding for Research Digital Initiative[5]	Adds One-Time Funding for Theodore Roosevelt Digitization[6]
University System Office	$10,900,703					
Bismarck State College		$150,444				
Lake Region State College		62,686				
Williston State College		1,054,800				
University of North Dakota		2,876,832				
UND Medical Center						
North Dakota State University		370,652				
State College of Science		176,950				
Dickinson State University		101,083				$500,000
Mayville State University		90,243				
Minot State University		215,354				
Valley City State University		1,626,857				
Dakota College at Bottineau		37,483				
Forest Service						
Total general fund	$10,900,703	$6,763,384	$0	$0	$0	$500,000

	Adds Funding for Capital Projects[7]	Adjusts Funding for Capital Building Funds[8]	Adjusts Forest Service Funding[9]	Total the General Fund Changes
University System Office				$10,900,703
Bismarck State College				150,444
Lake Region State College				62,686
Williston State College				1,054,800
University of North Dakota				2,876,832
UND Medical Center				
North Dakota State University				370,652
State College of Science				176,950
Dickinson State University				601,083
Mayville State University				90,243
Minot State University				215,354
Valley City State University				1,626,857
Dakota College at Bottineau				37,483
Forest Service			$34,840	34,840
Total general fund	$0	$0	$34,840	$18,198,927

House Bill No. 1003 - North Dakota University System - Other Funds Summary

	Base Budget	House Version	Senate Changes	Senate Version
University System Office	$26,412,106	$28,962,716	$39,490	$29,002,206
Bismarck State College	72,991,998	69,929,126	520,276	70,449,402
Lake Region State College	24,111,092	28,516,764	(185,500)	28,331,264
Williston State College	19,855,598	19,717,935	4,348,244	24,066,179
University of North Dakota	728,870,450	872,789,252	22,620,027	895,409,279
UND Medical Center	154,078,620	158,846,944	190,067	159,037,011
North Dakota State University	611,881,329	709,543,285	(2,584,401)	706,958,884
State College of Science	57,605,613	61,504,318	29,692,840	91,197,158
Dickinson State University	29,737,827	31,413,599	(298,866)	31,114,733
Mayville State University	30,307,148	32,213,980	(75,991)	32,137,989
Minot State University	62,058,916	65,266,608	(593,006)	64,673,602
Valley City State University	28,470,657	26,887,399	(295,307)	26,592,092
Dakota College at Bottineau	9,629,173	10,753,741	5,772,174	16,525,915
Forest Service	10,650,748	10,665,400		10,665,400
Total other funds	$1,866,661,275	$2,127,011,067	$59,150,047	$2,186,161,114

Detail of Senate Changes to Other Funds

	Adjusts Funding for University System Office[1]	Provides Funding Formula Adjustments[2]	Adjusts Special Funds[3]	Establishes a School of Law Line Item[4]	Adds One-Time Funding for Research Digital Initiative[5]	Adds One-Time Funding for Theodore Roosevelt Digitization[6]
University System Office	$39,490					
Bismarck State College			$1,347,972			
Lake Region State College			88,026			
Williston State College			4,508,162			
University of North Dakota			1,789,883		$2,500,000	
UND Medical Center			190,067			
North Dakota State University			1,518,219		2,500,000	
State College of Science			229,432			
Dickinson State University			121,052			
Mayville State University			277,783			
Minot State University			304,220			
Valley City State University			115,105			
Dakota College at Bottineau			3,417,746			
Forest Service						
Total other funds	$39,490	$0	$13,907,667	$0	$5,000,000	$0

	Adds Funding for Capital Projects[7]	Adjusts Funding for Capital Building Funds[8]	Adjusts Forest Service Funding[9]	Total Other Funds Changes
University System Office				$39,490
Bismarck State College		($827,696)		520,276
Lake Region State College		(273,526)		(185,500)
Williston State College		(159,918)		4,348,244
University of North Dakota	$25,000,000	(6,669,856)		22,620,027
UND Medical Center				190,067
North Dakota State University		(6,602,620)		(2,584,401)
State College of Science	30,000,000	(536,592)		29,692,840
Dickinson State University		(419,918)		(298,866)
Mayville State University		(353,774)		(75,991)
Minot State University		(897,226)		(593,006)
Valley City State University		(410,412)		(295,307)
Dakota College at Bottineau	2,500,000	(145,572)		5,772,174
Forest Service				
Total other funds	$57,500,000	($17,297,110)	$0	$59,150,047

House Bill No. 1003 - North Dakota University System - All Funds Summary

	Base Budget	House Version	Senate Changes	Senate Version
University System Office	$128,051,636	$137,139,110	$10,940,193	$148,079,303
Bismarck State College	103,592,595	100,824,502	670,720	101,495,222
Lake Region State College	36,811,715	41,390,022	(122,814)	41,267,208
Williston State College	28,216,101	29,729,665	5,403,044	35,132,709
University of North Dakota	868,966,540	1,019,612,441	25,496,859	1,045,109,300
UND Medical Center	205,926,712	221,782,733	190,067	221,972,800
North Dakota State University	740,472,371	841,887,616	(2,213,749)	839,673,867
State College of Science	92,694,989	97,843,036	29,869,790	127,712,826
Dickinson State University	47,544,670	49,955,579	302,217	50,257,796
Mayville State University	44,556,753	48,544,353	14,252	48,558,605
Minot State University	101,809,895	104,947,947	(377,652)	104,570,295
Valley City State University	48,900,159	47,919,475	1,331,550	49,251,025
Dakota College at Bottineau	17,282,118	18,451,501	5,809,657	24,261,158
Forest Service	15,077,175	15,307,224	34,840	15,342,064
Total all funds	$2,479,903,429	$2,775,335,204	$77,348,974	$2,852,684,178
FTE	6,767.76	6,609.87	0.00	6,609.87

Detail of Senate Changes to All Funds

	Adjusts Funding for University System Office[1]	Provides Funding Formula Adjustments[2]	Adjusts Special Funds[3]	Establishes a School of Law Line Item[4]	Adds One-Time Funding for Research Digital Initiative[5]	Adds One-Time Funding for Theodore Roosevelt Digitization[6]
University System Office	$10,940,193					
Bismarck State College		$150,444	$1,347,972			
Lake Region State College		62,686	88,026			
Williston State College		1,054,800	4,508,162			
University of North Dakota		2,876,832	1,789,883		$2,500,000	
UND Medical Center			190,067			
North Dakota State University		370,652	1,518,219		2,500,000	
State College of Science		176,950	229,432			
Dickinson State University		101,083	121,052			$500,000
Mayville State University		90,243	277,783			
Minot State University		215,354	304,220			
Valley City State University		1,626,857	115,105			
Dakota College at Bottineau		37,483	3,417,746			
Forest Service						
Total all funds	$10,940,193	$6,763,384	$13,907,667	$0	$5,000,000	$500,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adds Funding for Capital Projects[7]	Adjusts Funding for Capital Building Funds[8]	Adjusts Forest Service Funding[9]	Total All Funds Changes
University System Office				$10,940,193
Bismarck State College		($827,696)		670,720
Lake Region State College		(273,526)		(122,814)
Williston State College		(159,918)		5,403,044
University of North Dakota	$25,000,000	(6,669,856)		25,496,859
UND Medical Center				190,067
North Dakota State University		(6,602,620)		(2,213,749)
State College of Science	30,000,000	(536,592)		29,869,790
Dickinson State University		(419,918)		302,217
Mayville State University		(353,774)		14,252
Minot State University		(897,226)		(377,652)
Valley City State University		(410,412)		1,331,550
Dakota College at Bottineau	2,500,000	(145,572)		5,809,657
Forest Service			$34,840	34,840
Total all funds	$57,500,000	($17,297,110)	$34,840	$77,348,974
FTE	0.00	0.00	0.00	0.00

[1] Funding for the North Dakota University System office is adjusted as detailed in the schedules below:

The following schedule details funding adjustments for system governance:

System Governance

	General Fund	Other Funds	Total
Salary adjustment	($1,055)	$589	($466)
Western Interstate Commission for Higher Education dues	45,000	0	45,000
Total	$43,945	$589	$44,534

The following schedule details funding adjustments for core technology services:

Core Technology Services

	General Fund	Other Funds	Total
Salary adjustment	$56,758	$38,901	$95,659

The following schedule details funding adjustments in other line items in the University System office budget:

Other Line Items

General Fund Adjustments to Other Line Items	House Version	Senate Adjustments	Senate Version
Competitive research programs	$6,027,750	($342,000)	$5,685,750
NASA EPSCoR	0	342,000	342,000
Challenge grants	2,200,000	10,300,000	12,500,000
Tribal college grants	500,000	500,000	1,000,000
Total	$8,727,750	$10,800,000	$19,527,750

[2] The following adjustments are made to institution general fund appropriations through the higher education funding formula:

	Credit Hour Completion Adjustment	Salary Adjustment	School of Law Adjustment	Cost of Living Adjustment	Total
Bismarck State College	$0	$150,444	$0	$0	$150,444
Lake Region State College	0	62,686	0	0	62,686
Williston State College	0	56,013	0	998,787	1,054,800
University of North Dakota (UND)	0	642,150	2,234,682	0	2,876,832
North Dakota State University	0	370,652	0	0	370,652
North Dakota State College of Science	0	176,950	0	0	176,950
Dickinson State University	0	101,083	0	0	101,083
Mayville State University	0	90,243	0	0	90,243
Minot State University	0	215,354	0	0	215,354
Valley City State University	1,443,717	183,140	0	0	1,626,857
Dakota College at Bottineau	0	37,483	0	0	37,483
Total	$1,443,717	$2,086,198	$2,234,682	$998,787	$6,763,384

[3] The following adjustments are made to institution other funds appropriations:

	Salary Adjustment	Updated Other Funds Estimate	Total
Bismarck State College	$258,585	$1,089,387	$1,347,972
Lake Region State College	88,026	0	88,026
Williston State College	65,468	4,442,694	4,508,162
UND	1,789,883	0	1,789,883
UND School of Medicine	190,067	0	190,067
North Dakota State University	1,518,219	0	1,518,219
North Dakota State College of Science	229,432	0	229,432
Dickinson State University	121,052	0	121,052
Mayville State University	277,783	0	277,783
Minot State University	304,220	0	304,220
Valley City State University	115,105	0	115,105
Dakota College at Bottineau	59,159	3,358,587	3,417,746
Total	$5,016,999	$8,890,668	$13,907,667

[4] Funding is transferred from UND's operations line item to the school of law line item, including $11,016,618 from the general fund and $8,409,030 from other funds.

[5] One-time funding of $5 million is added from Bank of North Dakota profits, including $2.5 million each for UND and North Dakota State University, for the research digital initiative.

[6] One-time funding of $500,000 from the general fund is added to provide a total of $750,000 from the general fund for the digitization of documents at the Theodore Roosevelt Center.

[7] One-time funding is added for the following capital building projects:

	Other Funds
UND parking lot projects (revenue bonds)	$10,000,000
UND deferred maintenance (appropriation bonds)	15,000,000
North Dakota State College of Science workforce career academy (gifts, donations, and nonstate grants)	30,000,000
Dakota College at Bottineau dining facility (revenue bonds)	2,500,000
Total	$57,500,000

[8] The 1 percent tuition increase component of the Tier II capital building fund program is removed as follows:

	1 Percent Tuition Increase	Institution Match	Total
Bismarck State College	($413,848)	($413,848)	($827,696)
Lake Region State College	(136,763)	(136,763)	(273,526)
Williston State College	(79,959)	(79,959)	(159,918)
UND	(3,334,928)	(3,334,928)	(6,669,856)
North Dakota State University	(3,301,310)	(3,301,310)	(6,602,620)
North Dakota State College of Science	(268,296)	(268,296)	(536,592)
Dickinson State University	(209,959)	(209,959)	(419,918)
Mayville State University	(176,887)	(176,887)	(353,774)
Minot State University	(448,613)	(448,613)	(897,226)
Valley City State University	(205,206)	(205,206)	(410,412)
Dakota College at Bottineau	(72,786)	(72,786)	(145,572)
Total	($8,648,555)	($8,648,555)	($17,297,110)

[9] Funding for the Forest Service is adjusted to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of $120 and a maximum monthly increase of $200, and 2.5 percent on July 1, 2020. The House provided funding for a 2 percent salary increase on July 1, 2019, and a 2 percent salary increase on July 1, 2020.

House Bill No. 1003 - Other Changes - Senate Action

This amendment also:

- Adds a 2017-19 biennium appropriation of $491,850 from the general fund for Williston State College due to a funding formula error.
- Adds a 2017-19 biennium appropriation of $250,000 from the general fund for a UND School of Law challenge grant program.
- Adds a 2017-19 biennium appropriation of $3 million from the general fund for campus workforce initiative projects.
- Removes 3 sections added by the House relating to facility space and maintenance reserves.
- Provides for the sale of certain properties owned by UND.
- Provides appropriation bond authority for UND deferred maintenance projects.
- Provides revenue bond authority for UND parking lot projects and the Dakota College at Bottineau dining facility project.
- Reduces the matching requirement for Tier III capital building fund money to provide for a dollar-to-dollar match.
- Provides authority to use capital building fund money for additional capital projects.
- Adjusts the tuition rate increase limitation to limit certain resident undergraduate tuition rate increases to 4 percent per year.

Date: 4-11-19
Roll Call Vote #: 1

2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1003

Senate Appropriations Committee

☐ Subcommittee

Amendment LC# or Description: 19.0191.02005

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Robinson Seconded By Krebsbach

Senators	Yes	No	Senators	Yes	No
Senator Holmberg			Senator Mathern		
Senator Krebsbach			Senator Grabinger		
Senator Wanzek			Senator Robinson		
Senator Erbele					
Senator Poolman					
Senator Bekkedahl					
Senator G. Lee					
Senator Dever					
Senator Sorvaag					
Senator Oehlke					
Senator Hogue					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Voice Vote it carried

Date: 4-11-19

Roll Call Vote #: 2

2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1003

Senate Appropriations Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☑ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☑ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Robinson Seconded By Krebsbach

Senators	Yes	No	Senators	Yes	No
Senator Holmberg	✓		Senator Mathern	✓	
Senator Krebsbach	✓		Senator Grabinger	✓	
Senator Wanzek	✓		Senator Robinson	✓	
Senator Erbele	✓				
Senator Poolman	✓				
Senator Bekkedahl	✓				
Senator G. Lee	✓				
Senator Dever	✓				
Senator Sorvaag	✓				
Senator Oehlke	✓				
Senator Hogue	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Holmberg

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1003, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1003 was placed on the Sixth order on the calendar.

Page 1, line 2, remove "three new subsections to"

Page 1, line 3, replace "section 15-10-63" with "sections 15-10-48.1 and 15-18.2-04.1"

Page 1, line 4, replace "and capital project authorization" with ", matching grants for the university of North Dakota school of law, and a cost of living factor for state aid to institutions"

Page 1, line 4, after "sections" insert "15-10-48,"

Page 1, line 4, after the comma insert "15-10-50,"

Page 1, line 9, after the semicolon insert "to authorize the industrial commission to issue and sell evidences of indebtedness for capital projects;"

Page 1, line 10, after "transfer" insert "; to provide for the conveyance of real property"

Page 1, remove line 24

Page 2, replace lines 1 through 22 with:

"Capital assets - bond payments	$6,605,326	($1,645,878)	$4,959,448
Competitive research programs	6,027,750	(342,000)	5,685,750
NASA EPSCoR	0	342,000	342,000
System governance	8,163,238	324,629	8,487,867
Title II	1,006,472	(1,006,472)	0
Core technology services	61,527,347	758,781	62,286,128
Student financial assistance grants	21,917,306	2,000,000	23,917,306
Professional student exchange program	3,699,342	0	3,699,342
Academic and technical education scholarships	12,016,749	0	12,016,749
Scholars program	1,807,115	0	1,807,115
Native American scholarship	555,323	0	555,323
Tribally controlled community college grants	600,000	400,000	1,000,000
Education incentive programs	2,863,393	(2,103,393)	760,000
Student mental health	284,400	0	284,400
Veterans' assistance grants	277,875	0	277,875
Shared campus services	500,000	0	500,000
Dual-credit instructor assistance	200,000	(200,000)	0
Education challenge fund	0	12,500,000	12,500,000
Tier III capital building fund pool	0	9,000,000	9,000,000
Total all funds	$128,051,636	$20,027,667	$148,079,303
Less estimated income	26,412,106	2,590,100	29,002,206
Total general fund	$101,639,530	$17,437,567	$119,077,097
Full-time equivalent positions	149.40	(0.50)	148.90"

Page 2, remove lines 27 through 31

Page 3, replace lines 1 and 2 with:

"Operations	$101,670,034	($2,948,759)	$98,721,275
Capital assets	1,922,561	0	1,922,561
Capital building fund	0	851,386	851,386
Total all funds	$103,592,595	($2,097,373)	$101,495,222

Less estimated income	72,991,998	(2,542,596)	70,449,402
Total general fund	$30,600,597	$445,223	$31,045,820
Full-time equivalent positions	358.35	(34.42)	323.93"

Page 3, replace lines 7 through 13 with:

"Operations	$36,449,048	$1,100,743	$37,549,791
Capital assets	362,667	3,000,000	3,362,667
Capital building fund	0	354,750	354,750
Total all funds	$36,811,715	$4,455,493	$41,267,208
Less estimated income	24,111,092	4,220,172	28,331,264
Total general fund	$12,700,623	$235,321	$12,935,944
Full-time equivalent positions	129.61	(11.51)	118.10"

Page 3, replace lines 18 through 24 with:

"Operations	$26,954,133	$6,640,714	$33,594,847
Capital assets	1,261,968	0	1,261,968
Capital building fund	0	275,894	275,894
Total all funds	$28,216,101	$6,916,608	$35,132,709
Less estimated income	19,855,598	4,210,581	24,066,179
Total general fund	$8,360,503	$2,706,027	$11,066,530
Full-time equivalent positions	100.75	(0.27)	100.48"

Page 3, remove lines 29 through 31

Page 4, replace lines 1 through 4 with:

"Operations	$864,554,974	$7,993,510	$872,548,484
School of law	0	19,425,648	19,425,648
Capital assets	4,411,566	140,000,000	144,411,566
Capital building fund	0	8,723,602	8,723,602
Total all funds	$868,966,540	$176,142,760	$1,045,109,300
Less estimated income	728,870,450	166,538,829	895,409,279
Total general fund	$140,096,090	$9,603,931	$149,700,021
Full-time equivalent positions	2,218.07	(85.90)	2,132.17"

Page 4, replace lines 9 through 15 with:

"Operations	$732,673,267	$13,602,304	$746,275,571
Capital assets	7,799,104	79,800,000	87,599,104
Capital building fund	0	5,799,192	5,799,192
Total all funds	$740,472,371	$99,201,496	$839,673,867
Less estimated income	611,881,329	95,077,555	706,958,884
Total general fund	$128,591,042	$4,123,941	$132,714,983
Full-time equivalent positions	1,895.66	(25.50)	1,870.16"

Page 4, replace lines 20 through 26 with:

"Operations	$91,682,610	$4,016,447	$95,699,057
Capital assets	1,012,379	30,000,000	31,012,379
Capital building fund	0	1,001,390	1,001,390
Total all funds	$92,694,989	$35,017,837	$127,712,826
Less estimated income	57,605,613	33,591,545	91,197,158
Total general fund	$35,089,376	$1,426,292	$36,515,668
Full-time equivalent positions	345.04	(34.31)	310.73"

Page 4, remove line 31

Page 5, replace lines 1 through 7 with:

"Operations	$47,135,592	$1,425,402	$48,560,994
Capital assets	409,078	0	409,078
Capital building fund	0	537,724	537,724
Theodore Roosevelt digitization	0	750,000	750,000
Total all funds	$47,544,670	$2,713,126	$50,257,796
Less estimated income	29,737,827	1,376,906	31,114,733
Total general fund	$17,806,843	$1,336,220	$19,143,063
Full-time equivalent positions	168.90	44.36	213.26"

Page 5, replace lines 12 through 18 with:

"Operations	$44,197,761	$3,521,794	$47,719,555
Capital assets	358,992	0	358,992
Capital building fund	0	480,058	480,058
Total all funds	$44,556,753	$4,001,852	$48,558,605
Less estimated income	30,307,148	1,830,841	32,137,989
Total general fund	$14,249,605	$2,171,011	$16,420,616
Full-time equivalent positions	210.53	(1.26)	209.27"

Page 5, replace lines 23 through 29 with:

"Operations	$100,710,275	$1,614,798	$102,325,073
Capital assets	1,099,620	0	1,099,620
Capital building fund	0	1,145,602	1,145,602
Total all funds	$101,809,895	$2,760,400	$104,570,295
Less estimated income	62,058,916	2,614,686	64,673,602
Total general fund	$39,750,979	$145,714	$39,896,693
Full-time equivalent positions	441.65	(34.07)	407.58"

Page 6, replace lines 3 through 9 with:

"Operations	$48,444,336	($267,408)	$48,176,928
Capital assets	455,823	0	455,823
Capital building fund	0	618,274	618,274
Total all funds	$48,900,159	$350,866	$49,251,025
Less estimated income	28,470,657	(1,878,565)	26,592,092
Total general fund	$20,429,502	$2,229,431	$22,658,933
Full-time equivalent positions	202.75	(22.07)	180.68"

Page 6, replace lines 14 through 20 with:

"Operations	$17,168,111	$4,266,912	$21,435,023
Capital assets	114,007	2,500,000	2,614,007
Capital building fund	0	212,128	212,128
Total all funds	$17,282,118	$6,979,040	$24,261,158
Less estimated income	9,629,173	6,896,742	16,525,915
Total general fund	$7,652,945	$82,298	$7,735,243
Full-time equivalent positions	84.30	(2.01)	82.29"

Page 6, replace lines 25 through 30 with:

"Operations	$205,926,712	$5,369,938	$211,296,650
Health care workforce initiative	0	10,676,150	10,676,150
Total all funds	$205,926,712	$16,046,088	$221,972,800
Less estimated income	154,078,620	4,958,391	159,037,011
Total general fund	$51,848,092	$11,087,697	$62,935,789
Full-time equivalent positions	435.75	49.57	485.32"

Page 7, replace lines 4 through 9 with:

"Operations	$14,958,447	$264,889	$15,223,336
Capital assets	118,728	0	118,728
Total all funds	$15,077,175	$264,889	$15,342,064
Less estimated income	10,650,748	14,652	10,665,400
Total general fund	$4,426,427	$250,237	$4,676,664
Full-time equivalent positions	27.00	0.00	27.00"

Page 7, replace lines 14 through 16 with:

"Grand total general fund	$613,242,154	$53,280,910	$666,523,064
Grand total special funds	1,866,661,275	319,499,839	2,186,161,114
Grand total all funds	$2,479,903,429	$372,780,749	$2,852,684,178"

Page 7, remove lines 21 through 31

Page 8, replace lines 1 and 2 with:

"Capital projects - other funds	$168,505,000	$255,300,000
Education challenge grants	2,000,000	12,500,000
Tier II and tier III capital building funds	0	29,000,000
Theodore Roosevelt digitization	0	750,000
University of North Dakota research digital initiative	0	2,500,000
North Dakota state university research digital initiative	0	2,500,000
Institution operations distributions	2,000,000	0
Dickinson state university operations and debt repayment	8,284,626	0
Two-year campus study	40,000	0
Valley City state university integrated carbon project	22,500,000	0
Minot state university projects	2,284,000	0
Midwestern higher education compact dues	230,000	0
Total all funds	$205,843,626	$302,550,000
Total other funds	193,289,000	285,300,000
Total general fund	$12,554,626	$17,250,000"

Page 8, after line 7, insert:

"**SECTION 3. APPROPRIATION - 2017-19 BIENNIUM - WILLISTON STATE COLLEGE.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $491,850, or so much of the sum as may be necessary, to Williston state college for institution operations, for the period beginning with the effective date of this Act, and ending June 30, 2019. In accordance with section 54-44.1-11, any unexpended funds from this appropriation may be continued into the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 4. APPROPRIATION - 2017-19 BIENNIUM - STATE BOARD OF HIGHER EDUCATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $250,000, or so much of the sum as may be necessary, to the state board of higher education for the purpose of providing matching grants for clinical legal education, including indigent legal services, and for the recruitment and retention of faculty at the university of North Dakota school of law, for the period beginning with the effective date of this Act, and ending June 30, 2019. In accordance with section 54-44.1-11, any unexpended funds from this appropriation may be continued into the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 5. APPROPRIATION - 2017-19 BIENNIUM - STATE BOARD OF HIGHER EDUCATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $3,000,000, or so much of the sum as may be necessary, to the state board of higher education for campus workforce initiative projects, including the Bismarck state college polytechnic and Dickinson state university dual-mission transitions, for the period beginning with the

effective date of this Act, and ending June 30, 2019. In accordance with section 54-44.1-11, any unexpended funds from this appropriation may be continued into the biennium beginning July 1, 2019, and ending June 30, 2021."

Page 13, after line 26, insert:

"**SECTION 7. AMENDMENT.** Section 15-10-48 of the North Dakota Century Code is amended and reenacted as follows:

15-10-48. Advancement of academics - Matching grants - University of North Dakota and North Dakota state university.

1. a. Subject to legislative appropriations, each biennium during the period beginning July first of each odd-numbered year and ending December thirty-first of each even-numbered year, the state board of higher education shall award one dollar in matching grants for every two dollars raised by the institutional foundations of the university of North Dakota and North Dakota state university for projects dedicated exclusively to the advancement of academics.

   b. To be eligible for a matching grant, an institution must demonstrate that:

      (1) Its foundation has raised at least fifty thousand dollars in cash or monetary pledges for a qualifying project; and

      (2) The project has been approved by the grant review committee established in section 15-10-51.

   c. The board may award up to two ~~hundred thousand~~million dollars in matching grants to each institution.

   d. Projects at the university of North Dakota school of medicine and health sciences are not eligible to receive a grant under this section.

2. a. If any available dollars have not been awarded by the board before January first of each odd-numbered year, in accordance with subsection 1, either the university of North Dakota or North Dakota state university may apply for an additional matching grant.

   b. An application submitted under this subsection must meet the same criteria as an original application.

   c. The board shall consider each application submitted under this subsection in chronological order.

   d. If the remaining dollars are insufficient to provide a matching grant in the amount of one dollar for every two dollars raised by the institutional foundation, the board shall award a lesser amount.

3. The state board of higher education shall retain up to one-quarter of one percent of any grant awarded under this section to assist with administrative expenses incurred in the grant review process.

SECTION 8. Section 15-10-48.1 of the North Dakota Century Code is created and enacted as follows:

15-10-48.1. Clinical legal education, including indigent legal services, and faculty recruitment and retention - Matching grants - University of North Dakota school of law.

1. a. Subject to legislative appropriations, each biennium the state board of higher education shall award one dollar in matching grants for every two dollars raised by the institutional foundation of the university of North Dakota for projects dedicated exclusively to clinical legal education, including indigent legal services, or the recruitment and retention of faculty at the school of law.

   b. To be eligible for a matching grant, the institution must demonstrate:

      (1) Its foundation has raised at least twenty-five thousand dollars in cash or monetary pledges for a qualifying project; and

      (2) The project has been approved by the grant review committee established in section 15-10-51.

   c. The board may award up to two hundred fifty thousand dollars in matching grants under this section.

   d. If the remaining dollars are insufficient to provide a matching grant in the amount of one dollar for every two dollars raised by the institutional foundation, the board shall award a lesser amount.

2. The state board of higher education shall retain up to one-quarter of one percent of any grant awarded under this section to assist with the administrative expenses incurred in the grant review process."

Page 14, line 16, overstrike "two hundred thousand dollars in matching grants to"

Page 14, overstrike line 17 and insert immediately thereafter ":

   (1) One million two hundred thousand dollars each to Bismarck state college, Minot state university, and the North Dakota state college of science;

   (2) One million dollars each to Dickinson state university, Mayville state university, and Valley City state university; and

   (3) Five hundred thousand dollars each to Dakota college at Bottineau, Lake Region state college, and Williston state college."

Page 14, line 28, after "3." insert:

"a. The board may award an additional four hundred thousand dollars in matching grants to institutions that have been awarded the entire allocation allowed under subsection 1 and apply for an additional matching grant.

   b. An application submitted under this subsection must meet the same criteria as in the original application.

   c. The board shall consider each application submitted under this subsection in chronological order.

   d. If the funding provided under this subsection is insufficient to provide a matching grant in the amount of one dollar for every two dollars

raised by the institutional foundation, the board shall award a lesser amount.

4."

Page 15, remove lines 1 through 31

Page 16, replace lines 1 through 4 with:

"**SECTION 10. AMENDMENT.** Section 15-10-50 of the North Dakota Century Code is amended and reenacted as follows:

15-10-50. Liability for pledged amount.

If in accordance with section 15-10-48, 15-10-48.1, or 15-10-49, the state board of higher education provides grant funds to an institution, on the basis of a monetary pledge, and if the amount forthcoming is less than the amount pledged, the institutional foundation is liable to the institution for any shortfall."

Page 17, line 26, overstrike "10.5" and insert immediately thereafter "13.3"

Page 18, after line 9, insert:

"**SECTION 12.** Section 15-18.2-04.1 of the North Dakota Century Code is created and enacted as follows:

15-18.2-04.1. Cost of living factor - Determination.

For each institution under its control, the state board of higher education shall multiply the product determined under section 15-18.2-04 by a cost of living factor of:

1. 1.0 if the institution is located in a county with a median household income, when divided by the North Dakota average household income results in a quotient of less than 1.35; or

2. 1.1 if the institution is located in a county with a median household income, when divided by the North Dakota average household income results in a quotient of 1.35 or more."

Page 18, line 15, overstrike "15-18.2-04" and insert immediately thereafter "15-18.2-04.1"

Page 18, line 16, replace "$60.70" with "$60.87"

Page 18, line 18, replace "$90.48" with "$90.98"

Page 18, line 20, replace "$96.52" with "$96.99"

Page 21, line 29, replace "biennium" with "period"

Page 21, line 29, remove "July 1,"

Page 21, line 30, replace "2019" with "with the effective date of this Act"

Page 22, after line 12, insert:

"**SECTION 23. SALE OF PROPERTY AUTHORIZED.** The state of North Dakota, by and through the state board of higher education, may sell and convey certain real property known as gallery apartments, lots 1, 2, and 3, block 13, university heights addition, and lots 1, 2, 3, 4, 5, and 6, block 1, university heights 2nd addition, in the records of the city of Grand Forks. The state of North Dakota, by and

through the state board of higher education, may sell and convey certain real property located at 1225 stanford road, lots 1 and 2, block 5, university heights addition, in the records of the city of Grand Forks. If any of the real property authorized to be conveyed under this section is conveyed, the terms of the conveyance must be determined jointly by the state board of higher education or a designee of the board and the commissioner of university and school lands. Sections 54-01-05.2 and 54-01-05.5 do not apply to the transfers authorized by this section.

SECTION 24. PROJECT AUTHORIZATIONS. The industrial commission, acting as the North Dakota building authority, shall arrange for the funding of the projects authorized in this section, declared to be in the public interest, through the issuance of evidences of indebtedness under chapter 54-17.2, beginning with the effective date of this Act, and ending June 30, 2021. The industrial commission shall issue evidences of indebtedness under this section with the condition that lease rental payments need not begin until July 1, 2021. The authority of the industrial commission to issue evidences of indebtedness under this section ends June 30, 2021, but the industrial commission may continue to exercise all other powers granted to it under chapter 54-17.2 and this Act and comply with any covenants entered before that date. The proceeds of the evidences of indebtedness are included in the appropriation in subdivision 5 of section 1, beginning with the effective date of this Act, and ending June 30, 2021, for the following projects:

University of North Dakota - deferred maintenance projects	$15,000,000
Total special funds	$15,000,000

The university of North Dakota is responsible for the repayment of any evidences of indebtedness issued under this section from institution operations funding or other local funds."

Page 22, replace lines 23 through 25 with:

"University of North Dakota - memorial union	$80,000,000
University of North Dakota - parking lot projects	10,000,000
North Dakota state university - university village phase II	37,600,000
Dakota college at Bottineau - dining facility	2,500,000
Total special funds	$130,100,000"

Page 23, line 3, remove "and $8,648,555 from a one percent per year increase in tuition"

Page 23, replace lines 5 through 18 with:

	"Bank of North Dakota
Bismarck state college	$425,693
Lake Region state college	177,375
Williston state college	137,947
University of North Dakota	4,361,801
North Dakota state university	2,899,596
North Dakota state college of science	500,695
Dickinson state university	268,862
Mayville state university	240,029
Minot state university	572,801
Valley City state university	309,137
Dakota college at Bottineau	106,064
Total	$10,000,000"

Page 23, line 20, remove "and for each one dollar generated from the"

Page 23, line 21, remove "one percent per year increase in tuition"

Page 24, line 17, replace "two dollars" with "one dollar"

Page 24, line 26, remove "Lake Region state college is authorized to use up to $3,000,000 from its"

Page 24, line 27, replace "capital building fund line item for the precision agriculture center project." with "the following projects are authorized to use funding from the corresponding institution's capital building fund line item:

Lake Region state college - precision agriculture center	$3,000,000
North Dakota state college of science - Hektner Student Center	6,708,000
Minot state university - dome wellness emergency generators	1,130,335
Valley City state university - life safety projects	2,529,323
Dakota college at Bottineau - Nelson Science Center	1,177,758
Total	$14,545,416"

Page 24, after line 31, insert:

"**SECTION 29. TRANSFER - BANK OF NORTH DAKOTA PROFITS - RESEARCH DIGITAL INITIATIVE.** The industrial commission shall transfer to the university of North Dakota a total of $2,500,000, or so much of the sum as may be necessary, and to North Dakota state university a total of $2,500,000, or so much of the sum as may be necessary, from the current earnings and accumulated undivided profits of the Bank of North Dakota during the biennium beginning July 1, 2019, and ending June 30, 2021, as requested by the commissioner of higher education. The estimated income line items in subdivisions 5 and 6 of section 1 include $2,500,000 each for the university of North Dakota and North Dakota state university for the campus research digital initiative."

Page 25, line 5, replace "three" with "four"

Page 25, line 14, replace "three" with "four"

Page 26, line 1, after "6." insert "This section does not apply to differentiated tuition rates charged for higher cost programs.

7."

Page 26, remove lines 7 through 18

Page 26, line 19, replace "14, 16, 18, 19, 20, 21, and 22" with "3, 4, 5, 18, 20, 22, 23, 24, 25, 26, 27, and 28"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1003 - Summary of Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
University System Office				
Total all funds	$128,051,636	$137,139,110	$10,940,193	$148,079,303
Less estimated income	26,412,106	28,962,716	39,490	29,002,206
General fund	$101,639,530	$108,176,394	$10,900,703	$119,077,097
FTE	149.40	148.90	0.00	148.90
Bismarck State College				
Total all funds	$103,592,595	$100,824,502	$670,720	$101,495,222
Less estimated income	72,991,998	69,929,126	520,276	70,449,402
General fund	$30,600,597	$30,895,376	$150,444	$31,045,820
FTE	358.35	323.93	0.00	323.93
Lake Region State College				
Total all funds	$36,811,715	$41,390,022	($122,814)	$41,267,208
Less estimated income	24,111,092	28,516,764	(185,500)	28,331,264

General fund	$12,700,623	$12,873,258	$62,686	$12,935,944
FTE	129.61	118.10	0.00	118.10
Williston State College				
Total all funds	$28,216,101	$29,729,665	$5,403,044	$35,132,709
Less estimated income	19,855,598	19,717,935	4,348,244	24,066,179
General fund	$8,360,503	$10,011,730	$1,054,800	$11,066,530
FTE	100.75	100.48	0.00	100.48
University of North Dakota				
Total all funds	$868,966,540	$1,019,612,441	$25,496,859	$1,045,109,300
Less estimated income	728,870,450	872,789,252	22,620,027	895,409,279
General fund	$140,096,090	$146,823,189	$2,876,832	$149,700,021
FTE	2,218.07	2,132.17	0.00	2,132.17
UND Medical Center				
Total all funds	$205,926,712	$221,782,733	$190,067	$221,972,800
Less estimated income	154,078,620	158,846,944	190,067	159,037,011
General fund	$51,848,092	$62,935,789	$0	$62,935,789
FTE	435.75	485.32	0.00	485.32
North Dakota State University				
Total all funds	$740,472,371	$841,887,616	($2,213,749)	$839,673,867
Less estimated income	611,881,329	709,543,285	(2,584,401)	706,958,884
General fund	$128,591,042	$132,344,331	$370,652	$132,714,983
FTE	1,895.66	1,870.16	0.00	1,870.16
State College of Science				
Total all funds	$92,694,989	$97,843,036	$29,869,790	$127,712,826
Less estimated income	57,605,613	61,504,318	29,692,840	91,197,158
General fund	$35,089,376	$36,338,718	$176,950	$36,515,668
FTE	345.04	310.73	0.00	310.73
Dickinson State University				
Total all funds	$47,544,670	$49,955,579	$302,217	$50,257,796
Less estimated income	29,737,827	31,413,599	(298,866)	31,114,733
General fund	$17,806,843	$18,541,980	$601,083	$19,143,063
FTE	168.90	213.26	0.00	213.26
Mayville State University				
Total all funds	$44,556,753	$48,544,353	$14,252	$48,558,605
Less estimated income	30,307,148	32,213,980	(75,991)	32,137,989
General fund	$14,249,605	$16,330,373	$90,243	$16,420,616
FTE	210.53	209.27	0.00	209.27
Minot State University				
Total all funds	$101,809,895	$104,947,947	($377,652)	$104,570,295
Less estimated income	62,058,916	65,266,608	(593,006)	64,673,602
General fund	$39,750,979	$39,681,339	$215,354	$39,896,693
FTE	441.65	407.58	0.00	407.58
Valley City State University				
Total all funds	$48,900,159	$47,919,475	$1,331,550	$49,251,025
Less estimated income	28,470,657	26,887,399	(295,307)	26,592,092
General fund	$20,429,502	$21,032,076	$1,626,857	$22,658,933
FTE	202.75	180.68	0.00	180.68
Dakota College at Bottineau				
Total all funds	$17,282,118	$18,451,501	$5,809,657	$24,261,158
Less estimated income	9,629,173	10,753,741	5,772,174	16,525,915
General fund	$7,652,945	$7,697,760	$37,483	$7,735,243
FTE	84.30	82.29	0.00	82.29
Forest Service				
Total all funds	$15,077,175	$15,307,224	$34,840	$15,342,064
Less estimated income	10,650,748	10,665,400	0	10,665,400
General fund	$4,426,427	$4,641,824	$34,840	$4,676,664
FTE	27.00	27.00	0.00	27.00

Bill total				
Total all funds	$2,479,903,429	$2,775,335,204	$77,348,974	$2,852,684,178
Less estimated income	1,866,661,275	2,127,011,067	59,150,047	2,186,161,114
General fund	$613,242,154	$648,324,137	$18,198,927	$666,523,064
FTE	6,767.76	6,609.87	0.00	6,609.87

House Bill No. 1003 - North Dakota University System - General Fund Summary

	Base Budget	House Version	Senate Changes	Senate Version
University System Office	$101,639,530	$108,176,394	$10,900,703	$119,077,097
Bismarck State College	30,600,597	30,895,376	150,444	31,045,820
Lake Region State College	12,700,623	12,873,258	62,686	12,935,944
Williston State College	8,360,503	10,011,730	1,054,800	11,066,530
University of North Dakota	140,096,090	146,823,189	2,876,832	149,700,021
UND Medical Center	51,848,092	62,935,789		62,935,789
North Dakota State University	128,591,042	132,344,331	370,652	132,714,983
State College of Science	35,089,376	36,338,718	176,950	36,515,668
Dickinson State University	17,806,843	18,541,980	601,083	19,143,063
Mayville State University	14,249,605	16,330,373	90,243	16,420,616
Minot State University	39,750,979	39,681,339	215,354	39,896,693
Valley City State University	20,429,502	21,032,076	1,626,857	22,658,933
Dakota College at Bottineau	7,652,945	7,697,760	37,483	7,735,243
Forest Service	4,426,427	4,641,824	34,840	4,676,664
Total general fund	$613,242,154	$648,324,137	$18,198,927	$666,523,064

Detail of Senate Changes to the General Fund

	Adjusts Funding for University System Office[1]	Provides Funding Formula Adjustments[2]	Adjusts Special Funds[3]	Establishes a School of Law Line Item[4]	Adds One-Time Funding for Research Digital Initiative[5]	Adds One-Time Funding for Theodore Roosevelt Digitization[6]
University System Office	$10,900,703					
Bismarck State College		$150,444				
Lake Region State College		62,686				
Williston State College		1,054,800				
University of North Dakota		2,876,832				
UND Medical Center						
North Dakota State University		370,652				
State College of Science		176,950				
Dickinson State University		101,083				$500,000
Mayville State University		90,243				
Minot State University		215,354				
Valley City State University		1,626,857				
Dakota College at Bottineau		37,483				
Forest Service						
Total general fund	$10,900,703	$6,763,384	$0	$0	$0	$500,000

	Adds Funding for Capital Projects[7]	Adjusts Funding for Capital Building Funds[8]	Adjusts Forest Service Funding[9]	Total the General Fund Changes
University System Office				$10,900,703
Bismarck State College				150,444
Lake Region State College				62,686
Williston State College				1,054,800
University of North Dakota				2,876,832
UND Medical Center				
North Dakota State University				370,652
State College of Science				176,950
Dickinson State University				601,083
Mayville State University				90,243
Minot State University				215,354
Valley City State University				1,626,857
Dakota College at Bottineau				37,483
Forest Service			$34,840	34,840
Total general fund	$0	$0	$34,840	$18,198,927

House Bill No. 1003 - North Dakota University System - Other Funds Summary

	Base Budget	House Version	Senate Changes	Senate Version
University System Office	$26,412,106	$28,962,716	$39,490	$29,002,206
Bismarck State College	72,991,998	69,929,126	520,276	70,449,402
Lake Region State College	24,111,092	28,516,764	(185,500)	28,331,264
Williston State College	19,855,598	19,717,935	4,348,244	24,066,179
University of North Dakota	728,870,450	872,789,252	22,620,027	895,409,279
UND Medical Center	154,078,620	158,846,944	190,067	159,037,011
North Dakota State University	611,881,329	709,543,285	(2,584,401)	706,958,884
State College of Science	57,605,613	61,504,318	29,692,840	91,197,158
Dickinson State University	29,737,827	31,413,599	(298,866)	31,114,733
Mayville State University	30,307,148	32,213,980	(75,991)	32,137,989
Minot State University	62,058,916	65,266,608	(593,006)	64,673,602
Valley City State University	28,470,657	26,887,399	(295,307)	26,592,092
Dakota College at Bottineau	9,629,173	10,753,741	5,772,174	16,525,915
Forest Service	10,650,748	10,665,400		10,665,400
Total other funds	$1,866,661,275	$2,127,011,067	$59,150,047	$2,186,161,114

Detail of Senate Changes to Other Funds

	Adjusts Funding for University System Office[1]	Provides Funding Formula Adjustments[2]	Adjusts Special Funds[3]	Establishes a School of Law Line Item[4]	Adds One-Time Funding for Research Digital Initiative[5]	Adds One-Time Funding for Theodore Roosevelt Digitization[6]
University System Office	$39,490					
Bismarck State College			$1,347,972			
Lake Region State College			88,026			
Williston State College			4,508,162			
University of North Dakota			1,789,883		$2,500,000	
UND Medical Center			190,067			
North Dakota State University			1,518,219		2,500,000	
State College of Science			229,432			
Dickinson State University			121,052			
Mayville State University			277,783			
Minot State University			304,220			
Valley City State University			115,105			
Dakota College at Bottineau			3,417,746			
Forest Service						
Total other funds	$39,490	$0	$13,907,667	$0	$5,000,000	$0

	Adds Funding for Capital Projects[7]	Adjusts Funding for Capital Building Funds[8]	Adjusts Forest Service Funding[9]	Total Other Funds Changes
University System Office				$39,490
Bismarck State College		($827,696)		520,276
Lake Region State College		(273,526)		(185,500)
Williston State College		(159,918)		4,348,244
University of North Dakota	$25,000,000	(6,669,856)		22,620,027
UND Medical Center				190,067
North Dakota State University		(6,602,620)		(2,584,401)
State College of Science	30,000,000	(536,592)		29,692,840
Dickinson State University		(419,918)		(298,866)
Mayville State University		(353,774)		(75,991)
Minot State University		(897,226)		(593,006)
Valley City State University		(410,412)		(295,307)
Dakota College at Bottineau	2,500,000	(145,572)		5,772,174
Forest Service				
Total other funds	$57,500,000	($17,297,110)	$0	$59,150,047

House Bill No. 1003 - North Dakota University System - All Funds Summary

	Base Budget	House Version	Senate Changes	Senate Version
University System Office	$128,051,636	$137,139,110	$10,940,193	$148,079,303
Bismarck State College	103,592,595	100,824,502	670,720	101,495,222
Lake Region State College	36,811,715	41,390,022	(122,814)	41,267,208
Williston State College	28,216,101	29,729,665	5,403,044	35,132,709
University of North Dakota	868,966,540	1,019,612,441	25,496,859	1,045,109,300
UND Medical Center	205,926,712	221,782,733	190,067	221,972,800
North Dakota State University	740,472,371	841,887,616	(2,213,749)	839,673,867
State College of Science	92,694,989	97,843,036	29,869,790	127,712,826
Dickinson State University	47,544,670	49,955,579	302,217	50,257,796
Mayville State University	44,556,753	48,544,353	14,252	48,558,605
Minot State University	101,809,895	104,947,947	(377,652)	104,570,295
Valley City State University	48,900,159	47,919,475	1,331,550	49,251,025
Dakota College at Bottineau	17,282,118	18,451,501	5,809,657	24,261,158
Forest Service	15,077,175	15,307,224	34,840	15,342,064
Total all funds	$2,479,903,429	$2,775,335,204	$77,348,974	$2,852,684,178
FTE	6,767.76	6,609.87	0.00	6,609.87

Detail of Senate Changes to All Funds

	Adjusts Funding for University System Office[1]	Provides Funding Formula Adjustments[2]	Adjusts Special Funds[3]	Establishes a School of Law Line Item[4]	Adds One-Time Funding for Research Digital Initiative[5]	Adds One-Time Funding for Theodore Roosevelt Digitization[6]
University System Office	$10,940,193					
Bismarck State College		$150,444	$1,347,972			
Lake Region State College		62,686	88,026			
Williston State College		1,054,800	4,508,162			
University of North Dakota		2,876,832	1,789,883		$2,500,000	
UND Medical Center			190,067			
North Dakota State University		370,652	1,518,219		2,500,000	
State College of Science		176,950	229,432			
Dickinson State University		101,083	121,052			$500,000
Mayville State University		90,243	277,783			
Minot State University		215,354	304,220			
Valley City State University		1,626,857	115,105			
Dakota College at Bottineau		37,483	3,417,746			
Forest Service						
Total all funds	$10,940,193	$6,763,384	$13,907,667	$0	$5,000,000	$500,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adds Funding for Capital Projects[7]	Adjusts Funding for Capital Building Funds[8]	Adjusts Forest Service Funding[9]	Total All Funds Changes
University System Office				$10,940,193
Bismarck State College		($827,696)		670,720
Lake Region State College		(273,526)		(122,814)
Williston State College		(159,918)		5,403,044
University of North Dakota	$25,000,000	(6,669,856)		25,496,859
UND Medical Center				190,067
North Dakota State University		(6,602,620)		(2,213,749)
State College of Science	30,000,000	(536,592)		29,869,790
Dickinson State University		(419,918)		302,217
Mayville State University		(353,774)		14,252
Minot State University		(897,226)		(377,652)
Valley City State University		(410,412)		1,331,550
Dakota College at Bottineau	2,500,000	(145,572)		5,809,657
Forest Service			$34,840	34,840
Total all funds	$57,500,000	($17,297,110)	$34,840	$77,348,974
FTE	0.00	0.00	0.00	0.00

[1] Funding for the North Dakota University System office is adjusted as detailed in the schedules below:

The following schedule details funding adjustments for system governance:

System Governance

	General Fund	Other Funds	Total
Salary adjustment	($1,055)	$589	($466)
Western Interstate Commission for Higher Education dues	45,000	0	45,000
Total	$43,945	$589	$44,534

The following schedule details funding adjustments for core technology services:

Core Technology Services

	General Fund	Other Funds	Total
Salary adjustment	$56,758	$38,901	$95,659

The following schedule details funding adjustments in other line items in the University System office budget:

Other Line Items

	General Fund Adjustments to Other Line Items		
	House Version	Senate Adjustments	Senate Version
Competitive research programs	$6,027,750	($342,000)	$5,685,750
NASA EPSCoR	0	342,000	342,000
Challenge grants	2,200,000	10,300,000	12,500,000
Tribal college grants	500,000	500,000	1,000,000
Total	$8,727,750	$10,800,000	$19,527,750

[2] The following adjustments are made to institution general fund appropriations through the higher education funding formula:

	Credit Hour Completion Adjustment	Salary Adjustment	School of Law Adjustment	Cost of Living Adjustment	Total
Bismarck State College	$0	$150,444	$0	$0	$150,444
Lake Region State College	0	62,686	0	0	62,686
Williston State College	0	56,013	0	998,787	1,054,800
University of North Dakota (UND)	0	642,150	2,234,682	0	2,876,832
North Dakota State University	0	370,652	0	0	370,652
North Dakota State College of Science	0	176,950	0	0	176,950
Dickinson State University	0	101,083	0	0	101,083
Mayville State University	0	90,243	0	0	90,243
Minot State University	0	215,354	0	0	215,354
Valley City State University	1,443,717	183,140	0	0	1,626,857
Dakota College at Bottineau	0	37,483	0	0	37,483
Total	$1,443,717	$2,086,198	$2,234,682	$998,787	$6,763,384

[3] The following adjustments are made to institution other funds appropriations:

	Salary Adjustment	Updated Other Funds Estimate	Total
Bismarck State College	$258,585	$1,089,387	$1,347,972
Lake Region State College	88,026	0	88,026
Williston State College	65,468	4,442,694	4,508,162
UND	1,789,883	0	1,789,883
UND School of Medicine	190,067	0	190,067
North Dakota State University	1,518,219	0	1,518,219
North Dakota State College of Science	229,432	0	229,432
Dickinson State University	121,052	0	121,052
Mayville State University	277,783	0	277,783
Minot State University	304,220	0	304,220
Valley City State University	115,105	0	115,105
Dakota College at Bottineau	59,159	3,358,587	3,417,746
Total	$5,016,999	$8,890,668	$13,907,667

[4] Funding is transferred from UND's operations line item to the school of law line item, including $11,016,618 from the general fund and $8,409,030 from other funds.

[5] One-time funding of $5 million is added from Bank of North Dakota profits, including $2.5 million each for UND and North Dakota State University, for the research digital initiative.

[6] One-time funding of $500,000 from the general fund is added to provide a total of $750,000 from the general fund for the digitization of documents at the Theodore Roosevelt Center.

[7] One-time funding is added for the following capital building projects:

	Other Funds
UND parking lot projects (revenue bonds)	$10,000,000
UND deferred maintenance (appropriation bonds)	15,000,000
North Dakota State College of Science workforce career academy (gifts, donations, and nonstate grants)	30,000,000
Dakota College at Bottineau dining facility (revenue bonds)	2,500,000
Total	$57,500,000

[8] The 1 percent tuition increase component of the Tier II capital building fund program is removed as follows:

	1 Percent Tuition Increase	Institution Match	Total
Bismarck State College	($413,848)	($413,848)	($827,696)
Lake Region State College	(136,763)	(136,763)	(273,526)
Williston State College	(79,959)	(79,959)	(159,918)
UND	(3,334,928)	(3,334,928)	(6,669,856)
North Dakota State University	(3,301,310)	(3,301,310)	(6,602,620)
North Dakota State College of Science	(268,296)	(268,296)	(536,592)
Dickinson State University	(209,959)	(209,959)	(419,918)
Mayville State University	(176,887)	(176,887)	(353,774)
Minot State University	(448,613)	(448,613)	(897,226)
Valley City State University	(205,206)	(205,206)	(410,412)
Dakota College at Bottineau	(72,786)	(72,786)	(145,572)
Total	($8,648,555)	($8,648,555)	($17,297,110)

[9] Funding for the Forest Service is adjusted to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of $120 and a maximum monthly increase of $200, and 2.5 percent on July 1, 2020. The House provided funding for a 2 percent salary increase on July 1, 2019, and a 2 percent salary increase on July 1, 2020.

House Bill No. 1003 - Other Changes - Senate Action

This amendment also:

- Adds a 2017-19 biennium appropriation of $491,850 from the general fund for Williston State College due to a funding formula error.
- Adds a 2017-19 biennium appropriation of $250,000 from the general fund for a UND School of Law challenge grant program.
- Adds a 2017-19 biennium appropriation of $3 million from the general fund for campus workforce initiative projects.
- Removes 3 sections added by the House relating to facility space and maintenance reserves.
- Provides for the sale of certain properties owned by UND.
- Provides appropriation bond authority for UND deferred maintenance projects.
- Provides revenue bond authority for UND parking lot projects and the Dakota College at Bottineau dining facility project.
- Reduces the matching requirement for Tier III capital building fund money to provide for a dollar-to-dollar match.
- Provides authority to use capital building fund money for additional capital projects.
- Adjusts the tuition rate increase limitation to limit certain resident undergraduate tuition rate increases to 4 percent per year.

2019 CONFERENCE COMMITTEE

HB 1003

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Education and Environment Division
Roughrider Room, State Capitol

HB 1003
4/17/2019
34825

☐ Subcommittee
☒ Conference Committee

Committee Clerk: Parker Oswald

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota university system; to amend and reenact section 54-44.1-11 of the North Dakota Century Code, relating to the cancellation of unexpended appropriations; and to provide for a transfer.

Minutes: Attachment 1

Chairman Representative Mark Sanford: Opens meeting on HB 1003 and attendance is taken.

Senator Ray Holmberg: Begins to outline the Senate changes on **attachment 1**.

(2:20) Chairman Representative Mark Sanford: My recollection is that last time it was at $600,000?

Senator Ray Holmberg: It was $1M a few biennia ago. Now it is back up to where it was a few biennia ago. Continues on **attachment 1**.

Chairman Representative Mark Sanford: Was that error accustomed to the weighted rates and you are protected for the next 2 years?

Senator Larry Robinson: Correct. That has come up at Williston.

Chairman Representative Mark Sanford: Are these retroactive?

Senator Ray Holmberg: No. Returns to **item 5 on attachment 1**.

(5:15) Chairman Representative Mark Sanford: I went out and looked, they do not have a specific number for Law Schools, but they do create a tiered system of upper and lower divisions for undergraduate work. At the graduate level, they have professional and graduate levels. I was comparing those to other professional colleges and I think this is actually what should be in line in terms of the weighting.

Senator Ray Holmberg: Continues on **attachment 1 on item 5**.

(8:05) Chairman Representative Mark Sanford: I saw the language in the bill suggests this amount of money for the cost of living, this is about the third or fourth time in the last 5 biennia that we have made extra appropriations for this institution. This is more routine than the formula and they are not on it.

Senator Ray Holmberg: We will have to discuss what the economy is like there and what the labor market is like.

Senator Larry Robinson: Based on the figures shared, their medium household income is about $95,000 compared to somewhere in the $60,000's in Bismarck. We have adjusted the cost in multiple other budgets as well.

Senator Ray Holmberg: Continues presenting **attachment 1 on item 7**.

(11:20) Senator Larry Robinson: There was a small pool of institutions that gave up match money. Bottineau could not and they lost their finance officer.

Chairman Representative Mark Sanford: We will have to visit about this one.

Senator Ray Holmberg: That is the largest increase from general fund of $10.3M.

Chairman Representative Mark Sanford: The House version was that DSU would use the money from the old Arts building sale to fund these and it was estimated to be around $500,000 for the sale. Either we would have to use your version and deal with the receipts from that sale or use our version and reduce it by $500,000. It was almost used as an easy grant access.

(13:45) Senator Ray Holmberg: Continues on **item 10 of attachment 1**.

Chairman Representative Mark Sanford: Last session we asked them to take a look at cooperating with the U of MN and the thought was that U of MN offered 15 department high level data collection and analysis pieces. The northern tier seems to be antiquated and some are dropping out. This is a bit surprising.

Senator Ray Holmberg: It was always one of their top priorities according to them. There was no mention of Minnesota.

Senator Karen Krebsbach: There was mention of Montana dropping out.

Senator Ray Holmberg: I do not remember talk of MN this time.

Chairman Representative Mark Sanford: Maybe we can find out their attempts with MN. Clearly we need access to some kind of system like this.

Representative Tracy Boe: My thoughts are that I cannot see how this provides any benefit in our modern age of fiber optics and the access to research that they already own from private industry.

Chairman Representative Mark Sanford: We will have to see if Legislative Council can provide that.

(17:25) Senator Ray Holmberg: Continues presenting **attachment 1 on item 11**.

(20:55) Chairman Representative Mark Sanford: I think we agree with both items 11 and 12 by reducing the amount asked for.

Senator Ray Holmberg: Returns to outlining **attachment 1 on item 13**.

Representative Bob Martinson: I think that is one we could cross of the list right now.

Senator Karen Krebsbach: Bismarck has a career academy that was done in conjunction with the college. Did you put any money in BSC?

Representative Bob Martinson: No. Should we cross it off?

Chairman Representative Mark Sanford: Are we in agreement then? Okay, let's take that off the list then. There is so much confusion on this project that we should stay away.

Senator Larry Robinson: The other issue on this was that they have tied it closely to K-12, but Fargo has tied it to the business community and they should be replicating what is working well and help the kids.

Chairman Representative Mark Sanford: The buses go both ways and now Moorhead has one with more head technology.

(24:05) Senator Ray Holmberg: Moorhead Public Schools is providing theirs. Bismarck has a model and Fargo has something entirely different. Minot has something not connected and Grand Forks was not excited. Continues on **item 14 of attachment 1**.

Chairman Representative Mark Sanford: Could LC do research on the EPSCoR (Established Program to Stimulate Competitive Research) administrative costs?

Senator Ray Holmberg: We have that somewhere. The UND School of Law supported the one line-item idea. An alternative line item might be is that do we do this for all of the other graduate level programs at UND. If there is not a separate line item, they can manipulate the funds. Continues on **attachment 1 on item 3** in other proposed changes.

Chairman Representative Mark Sanford: In the tier 3 area, you suggested a 1:1 match and we had 2:1. Tier 3 was encouraged to give outside donations. It is the same model as the Challenge Grant idea. This would cause them to not find matching donations and outside funds or stretch their operating funds. The first couple of times we did this, we had facilities and scholarships and it was a smashing success with facilities. It would not necessarily have to be a line item, but could be a board request or matching money that could be dedicated to the Law School.

Senator Karen Krebsbach: It was my understanding that it would be 2:1. Challenge Grant money is supposed to be backed by the institution and a guarantee.

Chairman Representative Mark Sanford: When the facilities were a part of this before, were they endowed?

Senator Larry Robinson: There was an allowance for capital improvement projects. We ended up with the wellness facility. The 2:1 match has brought the donations in as scheduled. When I heard about the 3 tiered system, I had to figure it out. There is little to no interest in maintenance donation funds. Just to cover overhead, we had to go to what most charitable organizations do and generate an overhead system to recycle some dollars. The other issue is that some are committed to a strong scholarship program with no extra money hanging around. We need to discuss this and get some more background information on this. We may need to spend a whole conference committee on this to figure that all out.

(32:05) Chairman Representative Mark Sanford: Maybe we need to meet more.

Senator Ray Holmberg: Returns to **attachment 1 on item 5** of other proposed changes.

Chairman Representative Mark Sanford: I was suggesting that there was a natural consequence here and we are in a period here where mission clarity is being blurred a little bit by all of the campuses. I think that needs some discussion as well and there are real implications of that.

Senator Ray Holmberg: Returns to **item 6 of attachment 1** on other proposed changes (remove **item 7**).

(36:00) Chairman Representative Mark Sanford: Thank you for reviewing this and we will be meeting on this tomorrow.

Senator Larry Robinson: Is that 30 minutes or 1 hour?

Senator Ray Holmberg: It can be whatever you schedule. So schedule it.

Alex Cronquist, LC: Item 7 of other proposed changes, were you saying we should remove item 7 or remove those sections from the bill?

Senator Ray Holmberg: Remove them from the bill.

Mr. Cronquist: It will stay on the list.

(37:55) Chairman Representative Mark Sanford: Closes meeting on HB 1003.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Education and Environment Division
Roughrider Room, State Capitol

HB 1003
4/18/2019
34848

☐ Subcommittee
☒ Conference Committee

Committee Clerk: Parker Oswald

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota university system; to amend and reenact section 54-44.1-11 of the North Dakota Century Code, relating to the cancellation of unexpended appropriations; and to provide for a transfer.

Minutes: Attachment 1

Chairman Representative Mark Sanford: Opens meeting on HB 1003 and attendance is taken. I have proposed **amendment 19.091.02007** that takes care of the facilities. This says the gross space amount is taken into consideration and that two buildings can be taken down and replace the old two and this can go to the budget section. You cannot go to the budget section currently and there are a few of those situations around including one at NDSU. That is my proposal.

Senator Ray Holmberg: Motion to adopt amendment 19.091.02007, seconded by Senator Larry Robinson. Voice vote, motion carries.

(3:35) Chairman Representative Mark Sanford: There are a few more items I would like to discuss involving the differences between the two chambers. The first one involves us agreeing on the compensation package. WICHE (Western Interstate Commission for Higher Education) dues draws no issues. Increasing the funding for tribal college grants for a total of $1M. We have a difference there, so that is still alive. Valley City formula funding error. We are good with that. The next is the weighting factor for the School of Law.

Senator Ray Holmberg: The funding formula numbers here are much closer to what they should be.

Chairman Representative Mark Sanford: Tammy Dolan offered some insight into that. The School of Law code for national standards that creates the weighted factors. This has 4 levels involving upper and lower undergraduate and two in graduate of professional and graduate. This cleans that up.

Senator Larry Robinson: We are at a critical point right now and this needs to be resolved. We have seen some nice progress and have moved in the right direction. This will be significant and will give the tools and resources. I am supportive of that.

(7:15) Chairman Representative Mark Sanford: The cost of living factor for Williston is still on the table.

Senator Ray Holmberg: Are there other schools that have an issue like that? Are we watering down the formula then to balance everything by doing this? How do we recognize an area where the cost of living and salaries are so much higher than elsewhere?

Senator Larry Robinson: The President of Williston has told us about the revolving door and trying to keep employees there. They are being challenged to get this all on track.

Chairman Representative Mark Sanford: We will cover that again later. I believe the access to utilize was agreed upon. The challenge grants will stay on the table.

Senator Ray Holmberg: I was the advocate for slashing that.

Chairman Representative Mark Sanford: Increase one-time funding for DSU Teddy Roosevelt digitization. We had come to the same number, but the source of dollars was the difference there. We can continue to discuss that later. The House version was the sale of the building with a smaller appropriation and the Senate side did not include the sale.

(10:45) Representative Tracy Boe: There is a bill out there that involves the Library and backfills the funding for this, would we need to include it?

Senator Ray Holmberg: I do not know.

Chairman Representative Mark Sanford: That one will stay alive then.

Senator Ray Holmberg: There was a question asked about that project and there was some follow up information passed along.

Chairman Representative Mark Sanford: We can keep this alive.

Representative Tracy Boe: There was a document describing how often the Bank of North Dakota profits are over spent and it is quite often.

Senator Larry Robinson: There is a long list of other bills that utilize loans and transfers from Bank of North Dakota. It is a significant amount of money. The bank was before the committee and they said they were spending a lot of their money.

(13:15) Chairman Representative Mark Sanford: I think we need clarification from Bank of North Dakota involving this.

Senator Ray Holmberg: There was a new one that came out the other day that caught them by surprise.

Chairman Representative Mark Sanford: The amount you are referencing will be above that.

Senator Larry Robinson: The bank did indicate they could handle the level of funds coming out of the bank, but there are more in the process, so we need to get a handle on that.

Chairman Representative Mark Sanford: The siren thing was floated on them yesterday. We were in agreement on the last few items.

Senator Larry Robinson: That is a revenue bond for Dakota College at Bottineau for the cafeteria.

Chairman Representative Mark Sanford: Yesterday we had mentioned the UND parking lot list and we agreed that we are okay with that.

Senator Ray Holmberg: UND wanted more for the parking lot project, but the tiered system out there can help that. Tammy, can you find out more about the parking lot project? Are they still thinking about bonding and is it a public knowledge ordeal? I am okay with taking it off if they are not up to par on it.

Chairman Representative Mark Sanford: We can always bring it back to the table on that. We are just narrowing what else we need to discuss here.

(17:50) Senator Ray Holmberg: Another thing involving the tiered system capital building fund; we can deal with half percent on that as well.

Chairman Representative Mark Sanford: Would you like a different version of that? It would be a compromise between the two.

Senator Ray Holmberg: We could pursue a half percent on that.

Chairman Representative Mark Sanford: Begins to outline the other propose changes of **attachment 1**.

Senator Ray Holmberg: There was a valid point brought up about making the Law School their own line item would bring in the other individual schools who are also asking for their own line item. We would need assurance from the board that the Law School would get the money allotted to them.

Senator Larry Robinson: I would be more comfortable with that.

Representative Tracy Boe: I could go either way on all of this. I can see why you would or would not go with the line item. The future will tell what is right.

Chairman Representative Mark Sanford: Should we go with no designated line item if the assurances are there?

Representative Tracy Boe: Do we get to direct the board?

Senator Ray Holmberg: We do if there is a line item.

(22:25) Representative Tracy Boe: I would think that it is who is in charge of the school and wanting to adequately fund it. They should be able to take care of it.

Chairman Representative Mark Sanford: We have an agreement that we can remove that and keep it for discussion. Continues on other proposed changes **item 2 on attachment 1**.

Alex Cronquist, LC: For Williston State, it was missed last biennium. Valley City's mistake was done for this time around.

Senator Ray Holmberg: They are corrections and not errors.

Chairman Representative Mark Sanford: That is off the table then. **Item 4 of attachment 1** needs to be blended in with the challenge grants. We agreed not to follow up on **item 5 of attachment 1**.

Senator Ray Holmberg: We do not want to start picking and choosing the new projects. I am fine with taking that one off.

(25:20) Chairman Representative Mark Sanford: Okay, that is off the table then. **Item 6 of attachment 1** in other proposed changes involves the challenge grants. Item 7 was agreed upon and is off the table. Item 8 is an assumed yes and involves no state money. Item 9 needs to be discussed more, which is the 3 tiered system. Item 10 needs to be done to fund multiple programs around the state. The last one, item 11, involves the maximum 4% tuition increase.

Senator Larry Robinson: Do we move on this and deal with that later or wait?

Chairman Representative Mark Sanford: I say we should just wait on that.

Senator Ray Holmberg: I think we want to caution this and make sure we weigh that carefully.

Chairman Representative Mark Sanford: We will start on that tomorrow. Do any of you have meetings in the next 10 minutes? I was going to take time on the tier system, but we have a meeting right here.

(28:50) Chairman Representative Mark Sanford: Closes meeting on HB 1003.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Education and Environment Division
Roughrider Room, State Capitol

HB 1003
4/19/2019
34875

☐ Subcommittee
☒ Conference Committee

Committee Clerk: Parker Oswald

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota university system; to amend and reenact section 54-44.1-11 of the North Dakota Century Code, relating to the cancellation of unexpended appropriations; and to provide for a transfer.

Minutes: Attachments 1-2

Chairman Representative Mark Sanford: Opens meeting and attendance is taken. Alex has provided **attachment 1** for us that outlines our agreements. I want to run a few pieces by the committee. The first is that we have an agreement with WICHE (Western Interstate Commission for Higher Education) so that the students can participate in the professional school exchange program. We have three programs that are eligible for these schools in any state. We have historically had all of those slots taken. The students go to these and ND buys down the out of state tuition into the in state tuition cost. It is currently the lowest of the WICHE states that participate. Most of them require a loan interest payback if you do not return to the state. The return rate is about 75%. There are about 4 states that do not do that and their rate of return is about 55%. It is possible for us to change the ND policy on that and I think it is the recommendation of the WICHE people to do that. I wanted to see if there was any committee interest.

Senator Karen Krebsbach: There was a claw back on that at one point, but I am in favor of adding that.

Representative Bob Martinson: Is that percentage across all of the fields?

Chairman Representative Mark Sanford: It is pretty consistent. The cost is around $100,000 per student. Those range quite a bit in cost as well.

Senator Larry Robinson: The other states that have the repayment policy, do they have to pay 100% of it back?

Chairman Representative Mark Sanford: They pay back the entire loan with interest.

Senator Karen Krebsbach: The job availability is another thing we have to look at. There is a shortage of Dentists and veterinarians.

(6:05) Representative Tracy Boe: I am surprised we do not have that already.

Chairman Representative Mark Sanford: Would you want the amendment to be full loan reimbursement?

Senator Larry Robinson: We can model it after other states.

Chairman Representative Mark Sanford: I would ask Alex and Tammy Dolan to work on it together. I am sure they would want some of that buyback.

Representative Bob Martinson: One of the problems with this is to actually get that money paid back in. It would be interesting to see what percent of the students pay that money back.

Chairman Representative Mark Sanford: We could make an enquiry.

Senator Ray Holmberg: There should be success rate data out there. Even 40% is much better than what we have now.

(8:10) Chairman Representative Mark Sanford: Begins to outline **attachment 1**.

Alex Cronquist, LC: It would provide $3M for student loan forgiveness and $3M for loans. That money comes from Bank of North Dakota profits. Attachment 2 outlines where Bank of North Dakota profits are being spent.

Chairman Representative Mark Sanford: We will follow that and have it as a discussion down the road.

Senator Larry Robinson: What is the current policy with the board office and how much do we set aside?

Chairman Representative Mark Sanford: That would be $500,000. I was made aware by an auditor that there is a $300,000 charge that would be made to higher education for audit expenses. It is in the auditor's budget and I do not know if the institutions are made aware of this. We may have to provide that here. That could be added to the loan or debt forgiveness. Begins to outline **attachment 1 on item 3**.

(13:30) Mr. Cronquist: Correct, whatever is allocated is given out on a per student basis. There was $600,000 originally. I believe there was $1M last biennium before the allotments.

Chairman Representative Mark Sanford: I will ask for an opinion on that.

Representative Tracy Boe: I would like to see the $1M. At $1M, there is not any leftovers and they put it to good use and include the non-beneficiary people and it pulls in the people that would not attend.

Representative Bob Martinson: We cut it back because they were not reporting, correct?

Representative Tracy Boe: I believe that is another fund you are referring to. That is from the workforce development group in Commerce. This is for the non-beneficiary students who do not qualify for federal assistance at tribal colleges.

Representative Bob Martinson: There were not any reports connected to this?

Representative Tracy Boe: I believe so.

Mr. Cronquist: The tribal colleges do submit reports and they were submitted in the last interim.

Chairman Representative Mark Sanford: Are there completion rates and other figures in those that show the usage and success?

Mr. Cronquist: I do not believe that is part of the required reporting.

Representative Bob Martinson: I am more okay with it than not, but I think we should hold it.

(17:15) Chairman Representative Mark Sanford: Works for me.

Senator Larry Robinson: Are we offering cost of living adjustments in any other budgets?

Mr. Cronquist: I am not sure on that.

Representative Bob Martinson: I think we did at one point, but I do not think we do now.

Chairman Representative Mark Sanford: I do not recall that in any of the budgets. My recollection is that they took that off.

Senator Karen Krebsbach: I do not believe the housing need is quite as desperate, but there is a problem in highway patrol with low wages.

(19:15) Senator Ray Holmberg: I think we should keep this here for a while. This was added late in the process.

Chairman Representative Mark Sanford: I would offer that it is one thing that happens across the agencies, but if it is isolated, then it makes it more difficult.

Senator Larry Robinson: That is the question I had, so some information on it would be nice.

Senator Ray Holmberg: We had the housing allowances that were paid out in a few.

Chairman Representative Mark Sanford: That was the height of it when I was on Government Ops. We provided subsidized housing on there.

Senator Ray Holmberg: There was a teacher high-rise when I was in school.

(21:25) Chairman Representative Mark Sanford: Continues presenting on **item 8 of attachment 1**.

Representative Bob Martinson: I would like to stick at the $2.2M.

Senator Ray Holmberg: I am not caving, I just wanted the right number.

Senator Karen Krebsbach: I would oppose returning to $2.2M. All of the institutions were asking for that money.

Chairman Representative Mark Sanford: I am not seeing any enthusiasm for much discussion on that. Moves onto **item 9 of attachment 1**.

Mr. Cronquist: At one point when the Teddy Roosevelt Library was being amended in, that money was not included.

Chairman Representative Mark Sanford: The Senate has passed the bill?

Representative Bob Martinson: There is $10M in there to be raised as an endowment for DSU.

Senator Karen Krebsbach: The $10M for DSU was reduced to about $9.7M and it was to come out of the $100M private raise.

(25:35) Mr. Cronquist: There is $10M from money raised and none from the state.

Chairman Representative Mark Sanford: The implications for that for this particular biennium if it passes, will that be in place in time to effect efforts?

Representative Bob Martinson: I would say maybe one year. I think we could still reduce that by $250,000.

Chairman Representative Mark Sanford: We have the same amount agreed on, but it is the source of that funding.

Representative Bob Martinson: We are fairly confident that they will be selling that building. I guess rather than speculate, we take this down to $200,000.

Senator Ray Holmberg: Part of the discussion is the passage of that bill and I think we should keep it on the list.

Representative Bob Martinson: There will be $500,000 for the sale of that building.

Senator Ray Holmberg: If HB 1320 does not pass, they will not have the money.

Chairman Representative Mark Sanford: You are suggesting the House version because it goes to digitization.

(28:45) Senator Larry Robinson: The building sale is a new concept. You are suggesting the $500,000 sale and $200,000 here?

Representative Bob Martinson: Correct.

Mr. Cronquist: It is in HB 1120 and has been signed by the Governor. There is not any language in there that says the money has to be used for digitization. We would have to add language in here and they estimated $725,000 of revenue on that sale.

Representative Bob Martinson: We could word it that they receive $200,000 and use the sale to equal up to $750,000.

Chairman Representative Mark Sanford: Would that work for you guys?

Senator Ray Holmberg: I hope we do not put this to bed because we need to visit with the bill sponsors.

Representative Bob Martinson: That's all that was talked about in the House side.

Chairman Representative Mark Sanford: We will give the Senators the weekend on that. Continues on **item 10 of attachment 1**.

(32:10) Representative Bob Martinson: I would do $2.5M on that.

Senator Ray Holmberg: I would probably vote for $3M, but not $2.5M.

Representative Bob Martinson: If I go to $3M, we can go to lunch.

Representative Mark Sanford: Closes meeting on HB 1003.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Education and Environment Division
Roughrider Room, State Capitol

HB 1003
4/23/2019
34935

☐ Subcommittee
☒ Conference Committee

Committee Clerk: Parker Oswald

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota university system; to amend and reenact section 54-44.1-11 of the North Dakota Century Code, relating to the cancellation of unexpended appropriations; and to provide for a transfer.

Minutes: Attachment 1

Chairman Representative Mark Sanford: Opens meeting and attendance is taken. We will try to summarize today and try to finish this today. Begins to present **attachment 1**.

Alex Cronquist, LC: Item 6 is increased. That is the extra on top to get the weighting factor to 14 as the weighting factor.

Chairman Representative Mark Sanford: Item 7 is not being requested by the agencies, so it will be taken out. Item 8 is fine. Item 9 are the updated challenge grants and they were based on the budget. We are suggesting $9.4M.

Mr. Cronquist: The detail to the challenge grants are in other proposed changes on **attachment 1** in item 5.

Senator Karen Krebsbach: I think we were looking at $9.8M for a larger pool?

Chairman Representative Mark Sanford: That was a consideration.

(4:15) Representative Bob Martinson: What do you mean by pool?

Chairman Representative Mark Sanford: There was an allocation that each institution would receive a certain amount and $400,000 at the end for other to gain extra money.

Representative Bob Martinson: The big schools grab that up right away and it is the small schools that struggle. I am not so sure it is a good thing. I would maybe rather carry that over because the larger ones get their money right away and to automatically give it right away makes it hard for them. Just a thought for discussion.

Senator Karen Krebsbach: I am not going to delay the discussion, but the 2 research universities have not been included in that pool funding.

Representative Bob Martinson: I do not have a big hang up on it, but I wanted to bring it up. Does VCSU always make it?

Senator Larry Robinson: Yes, we usually do very well.

Representative Bob Martinson: Okay, leave it then.

(6:35) Chairman Representative Mark Sanford: The digitization of Teddy Roosevelt at DSU has the Senate version of $750,000 plus the building proceeds. The House takes $500,000 from the building sale plus $250,000. We have not come close to resolving that one yet. The property sale estimate is that it will net $750,000 and the House wanted to use $500,000.

Senator Ray Holmberg: We had discussions with the folks who proposed this and they preferred the Senate version.

Chairman Representative Mark Sanford: That is not surprising. I was looking for a deal to add the $400,000 for the challenge grants and they would still get more than $750,000. Item 11 was a $5M request for campus network upgrades and the campus facilities are suggesting that $3M would be sufficient.

Senator Ray Holmberg: This issue came up when we passed a bill regarding the private sector providing internet service to on-campus dorms. Part of the challenge was having some network capacity issues. This would help get the private sector involved in those services.

Chairman Representative Mark Sanford: Is everyone okay with the $3M then? Okay, that helps with the savings of $2M in the general fund there. Item 12 adjusts the one-time funding for tier 3 to provide $2M of general fund and $7M from Bank of North Dakota profits.

Mr. Cronquist: Item 11 was reduced by $2M, so that freed $2M will be used to replace some extra general fund money in the tiered system instead of the general fund.

(11:55) Senator Larry Robinson: Is there any money left in the bank?

Chairman Representative Mark Sanford: This money was already in there. UND had requests for appropriation and revenue bonds for parking and other maintenance services. The idea was to combine all of them together, so the $30M in appropriation bond permission is given.

Senator Larry Robinson: Will any of that be revenue bonds?

Chairman Representative Mark Sanford: No. Item 14 is the Bottineau dining facility and it is approved. Item 15 has agreed with the Senate. HB 1171 involves item 16 and was passed in both chambers. There is $6M in STEM loan forgiveness and grants and makes this $500,000-line item repetitive and not needed.

(14:40) Senator Larry Robinson: The language in item 16 can go then too?

Chairman Representative Mark Sanford: Correct. Line 17 and 18 is where the $500,000 is used then. Other proposed changes; it would be important to add a study for the interim committee involving EPSCoR (Established Program to Stimulate Competitive Research) because there is a lot of money that goes out, but little gets into the field.

Senator Ray Holmberg: The operating expenses and salaries they indicate from EPSCoR is $2.5M and the grants are only $280,000. So there is room for a look. There was some communication when we had this line item that some were fearing the legislature was looking to move the administration from NDSU to UND and that is not part of any discussion. The only change is the fact that the NASA EPSCoR is sited at UND.

(17:30) Chairman Representative Mark Sanford: Item 2 is approved. Item 3 was $3M and was removed, but it makes sense to continue this going forward and we gave a bit of specificity to it on where it will all go for workforce initiatives. Any problems with that? Okay, we will add that then. Item 4 is the DSU digitization issue. Item 5 is the challenge grant allocation. Items 6 and 7 were agreed upon. What about item 8?

Senator Larry Robinson: I do know that your efforts here are great. I know the smaller campuses will be tight here and 7/11 were struggling to meet, but that was after an awfully tight budget. They want to work with the system and committee and they said it will be tight. I do not know what to do to make it easier. We want to get off to a good start and make sure it grows down the road. Tammy Dolan is the expert on that. If the committee is supportive of this, we can move on and work with it for two years. We had talked as the proposed 2:1.

Chairman Representative Mark Sanford: Tier 1's restrictions will be loosened a bit because there was a really tight budget and they will only have to match at 75%. That would be added to that as part of it. Item 9 is fine, item 10 is agreed upon. Item 11 is already agreed on. Item 12 is the one that involves the professional student exchange. Would you like to add that?

Senator Larry Robinson: Yes.

(22:05) Chairman Representative Mark Sanford: Do you want to try it now?

Representative Bob Martinson: I talked to you about Ray Richard's endowment and I want to name it after the Hofstad's.

(23:00) Senator Ray Holmberg: We are okay with that.

Chairman Representative Mark Sanford: We have agreed to everything except the $400,000 relative to the challenge grants and the DSU digitization.

Senator Ray Holmberg: We need to go and visit some folks who put out some interesting things.

Mr. Cronquist: With the removal of the funding, do we want to remove the Century Code too?

Senator Ray Holmberg: What do the lawyers say?

Mr. Cronquist: The system office would have the out that it was not being funded, but it would be easier to remove it.

Chairman Representative Mark Sanford: It is elsewhere.

Senator Larry Robinson: The other issue is the $400,000.

Chairman Representative Mark Sanford: Closes meeting on HB 1003.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Education and Environment Division
Roughrider Room, State Capitol

HB 1003
4/23/2019
34963

☐ Subcommittee
☒ Conference Committee

Committee Clerk: Parker Oswald

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota university system; to amend and reenact section 54-44.1-11 of the North Dakota Century Code, relating to the cancellation of unexpended appropriations; and to provide for a transfer.

Minutes: Attachments 1-3

Chairman Representative Mark Sanford: Opens meeting on HB 1003 and everyone is present. Earlier today we had made progress to the point to resolving everything besides items 7 and 8 on **page 1 of attachment 1**. There were some things we introduced as amendments and they are found on page 2 of attachment 1 involving PSEP (Professional Student Exchange Program), Ray Richards Golf Course, naming of the Precision Agriculture Center and there were others that needed to be introduced.

Senator Ray Holmberg: I have one. We had a bill earlier this session that we passed that talked about free speech on campuses and we just saw an article talking about following what the President was proposing. They have to follow the free speech rules in order to receive funding. We passed a bill asking for the Board to come up with rules regarding these. Campuses have different freedom of speech policies. The group Fire labels UND in the green zone and NDSU is in the yellow zone. The people who came to testify could not get here until the end for the House Education committee. There was a disagreement between a few lawyers, so they passed the first part of the bill. My amendment is the rest of the bill that was not passed. My proposal is **attachment 2**.

(4:30) Chairman Representative Mark Sanford: Is this the whole bill?

Senator Ray Holmberg: Yes. It gives more direction as to what free speech is. Should I move it or should we add it to the list?

Chairman Representative Mark Sanford: We will just add it and do it all in one swing. Sounds like everyone is okay with it and we will add that. We need an emergency clause on here too.

Senator Ray Holmberg: Emergency clause on which part?

Chairman Representative Mark Sanford: We will identify them here. On the topic of items 7 and 8, where one deals with the digitization at DSU and there are differing variations. The Senate had $750,000 in cash and then allows them to keep the money from a building sale in the area of $750,000. The House had $250,000 and $500,000 from the sale. I think we are good on the $9.4M and the breakout of the analysis for each school. That only leaves the $400,000 for the leftover challenge grant proposal.

(9:05) Alex Cronquist, LC: **Attachment 3** is another proposal from Representative Thomas Beadle.

Chairman Representative Mark Sanford: This outlines that people running for student government can use open educational resources and the universities must be offered to users in at least one form and must be an opened copyright resource. One of the issues with these are people offering these resources and not disclosing that they are not free options. This really just clarifies that the students are given access to costs of these materials.

Senator Ray Holmberg: Was this presented to you in the committee? I have been given 3 or 4 like this on other bills.

Chairman Representative Mark Sanford: This was given to us last moment, but it really is a point of emphasis.

Senator Ray Holmberg: Has the board already done this?

Chairman Representative Mark Sanford: I do not know for sure.

(12:25) Representative Bob Martinson: This is a little tough for me to do at a late hour not knowing exactly what this means.

Chairman Representative Mark Sanford: We could present it to the Chancellor and Vice Chancellor and see their support. Anything else we have? Back to items 7 and 8 then. What are your thoughts?

Senator Ray Holmberg: The leader from the Senate on item 8 is okay and I am not sure I am ready to move item 7 down yet.

Chairman Representative Mark Sanford: That comes down to the $400,000 pool.

Representative Bob Martinson: I appreciate that they want more money, but what is the argument that Dickinson should get an extra $750,000?

Senator Ray Holmberg: I would not call it extra. We did not use the building sales to hold them on that. UND is selling buildings and we are not holding them on that.

Representative Bob Martinson: They want the money from the building in addition.

Senator Ray Holmberg: Just like UND wants the money from their building sales. I am only one vote though.

(15:45) Chairman Representative Mark Sanford: What about on item 8?

Senator Larry Robinson: Is the $400,000 even on this page right now?

Chairman Representative Mark Sanford: No, it is not.

Senator Ray Holmberg: If we do the full funding of Teddy Roosevelt digitization and not the $400,000?

Senator Karen Krebsbach: As much as I would like to see, I do not want to go from the $12M to the $9.4M because it brings money to the state. I think we can forgo the $400,000 to compromise and get moving.

Representative Bob Martinson: Can we take that $400,000 and use it?

Senator Karen Krebsbach: It was in addition.

Chairman Representative Mark Sanford: That takes care of those items then. Is there anything we have not covered?

(19:35) Mr. Cronquist: One thing was repealing the STEM loan forgiveness program, but it would be included. The open educational resources are not going to be added?

Chairman Representative Mark Sanford: Correct, the higher education office will deal with that.

(20:20) Senator Larry Robinson: **I would move that the final amendments are drafted and approve them. Seconded by Representative Bob Martinson.**

Chairman Representative Mark Sanford: Any discussion?

Roll call vote is taken, motion carries with 6 yeas, 0 nays and 0 absent.

Mr. Cronquist: Will we meet again?

Chairman Representative Mark Sanford: I think we just need to hand them out to the members.

Senator Ray Holmberg: When we receive them, we can review them and get ahold of each other to make sure everything is okay.

Chairman Representative Mark Sanford: Thank you very much for the hard work and the long process of getting this done.

(23:05) Chairman Representative Mark Sanford: Closes meeting on HB 1003.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Education and Environment Division
Roughrider Room, State Capitol

HB 1003
4/24/2019
34969

☐ Subcommittee
☒ Conference Committee

Committee Clerk: Parker Oswald

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota university system; to amend and reenact section 54-44.1-11 of the North Dakota Century Code, relating to the cancellation of unexpended appropriations; and to provide for a transfer.

Minutes:

Chairman Representative Mark Sanford: Opens meeting and attendance is taken. We have a quick agenda today to fix a reconsideration.

Senator Ray Holmberg: **I move that we reconsider and re-amend to remove the college campus free speech amendment. Seconded by Representative Tracy Boe.**

Voice vote, motion carries.

Senator Ray Holmberg: I ask that we remove the amendment that adds a free speech clause. Seconded by Senator Larry Robinson.

Roll call vote, motion carries with 6 yeas, 0 nays and 0 absent.

Representative Bob Martinson: Are the final amendments prepared?

Brady Larson, LC: Alex is finishing them.

Chairman Representative Mark Sanford: The amendments should be ready by floor session, which would shorten the time of review of the bill.

(3:30) Senator Karen Krebsbach: The Senate will be going in at 4:30.

Senator Ray Holmberg: It is a House bill, so it does not matter to us. Go ahead.

Chairman Representative Mark Sanford: Not promising anything, but I told him to go ahead and finish it. Anything else? If not, thank you again for the hard work. Closes meeting on HB 1003.

Prepared by the Legislative Council staff for
Representative Sanford
April 18, 2019

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1003

Page 1, line 4, after "sections" insert "15-10-12.1,"

Page 1, line 6, after "to" insert "acceptance of building and campus improvements,"

Page 13, after line 26, insert:

"**SECTION 4. AMENDMENT.** Section 15-10-12.1 of the North Dakota Century Code is amended and reenacted as follows:

15-10-12.1. Acceptance of buildings and campus improvements - Legislative approval.

The state board of higher education may authorize campus improvements and building maintenance on land under the control of the board which are financed by donations, gifts, grants, and bequests if the cost of the improvement or building maintenance is not more than seven hundred thousand dollars. The consent of the legislative assembly is required for construction of any building or any addition to a building on land under the control of the board which is financed by donations, gifts, grants, and bequests. The consent of the legislative assembly is required for campus improvements or building maintenance financed by donations, gifts, grants, and bequests if the cost of the improvements or maintenance is more than seven hundred thousand dollars. During the time the legislative assembly is not in session, except for the six months preceding the convening of a regular session and the three months following the close of a regular session, and unless otherwise restricted by previous legislative action or other law, the state board of higher education, with the approval of the budget section of the legislative management, may authorize the use of land under the control of the board and construct buildings financed by donations, gifts, grants, and bequests and campus improvements and building maintenance financed by donations, gifts, grants, and bequests if the cost of the improvement or maintenance is more than seven hundred thousand dollars. Any project request submitted to the budget section for the construction of a building financed by donations, gifts, grants, and bequests must include the removal of a building or buildings with an equivalent or greater total number of square feet compared to the proposed building. The budget section approval must include a specific dollar limit for each building, campus improvement project, or maintenance project. The state board of higher education may authorize the sale of any real property or buildings which an institution of higher learning has received by gift or bequest. The board shall prescribe such conditions for the sale of the property as it determines necessary. The conditions must include requiring an appraisal and public auction or advertisement for bids, unless the gift instrument requires a different process. If the state board of higher education submits a request for campus improvements ~~or~~, building maintenance, or to construct buildings under this section to the budget section for approval, the legislative council shall notify each member of the legislative assembly of the date of the budget section meeting at which the request will be considered and provide a copy of the meeting agenda to each member of the legislative assembly. The chairman of the budget section shall allow any member of the legislative assembly an opportunity to present testimony to the budget section regarding any such request."

Renumber accordingly

Prepared by the Legislative Council staff for
Conference Committee
April 24, 2019

SDC 4/24/19 1of9

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1003

That the Senate recede from its amendments as printed on pages 1813-1827 of the House Journal and pages 1503-1517 of the Senate Journal and that Engrossed House Bill No. 1003 be amended as follows:

Page 1, line 2, remove "and three new subsections to"

Page 1, line 3, replace "section 15-10-63" with ", two new sections to chapter 15-10, section 15-10-48.1, and a new section to chapter 15-18"

Page 1, line 4, replace "and capital project authorization" with ", the university of North Dakota men's golf program, the professional student exchange program, matching grants for the university of North Dakota school of law, and the Curtis and Annette Hofstad agricultural center"

Page 1, line 4, after "sections" insert "15-10-12.1, 15-10-48,"

Page 1, line 4, after the comma insert "15-10-50,"

Page 1, line 6, after "to" insert "acceptance of buildings and campus improvements,"

Page 1, line 8, replace "section" with "sections 15-10-37 and"

Page 1, line 9, after the first "to" insert "the technology occupations student loan program and"

Page 1, line 9, after the semicolon insert "to authorize the industrial commission to issue and sell evidences of indebtedness for capital projects;"

Page 1, line 10, after "transfer" insert "; to provide for the conveyance of real property; to provide for a legislative management study"

Page 1, line 11, replace "report" with "reports; to provide for application"

Page 1, remove line 24

Page 2, replace lines 1 through 22 with:

"Capital assets - bond payments	$6,605,326	($1,645,878)	$4,959,448
Competitive research programs	6,027,750	(342,000)	5,685,750
NASA EPSCoR	0	342,000	342,000
System governance	8,163,238	574,629	8,737,867
Title II	1,006,472	(1,006,472)	0
Core technology services	61,527,347	758,781	62,286,128
Student financial assistance grants	21,917,306	2,000,000	23,917,306
Professional student exchange program	3,699,342	0	3,699,342
Academic and technical education scholarships	12,016,749	0	12,016,749
Scholars program	1,807,115	0	1,807,115
Native American scholarship	555,323	0	555,323
Tribally controlled community college grants	600,000	400,000	1,000,000
Education incentive programs	2,863,393	(2,353,393)	510,000
Student mental health	284,400	0	284,400

Veterans' assistance grants	277,875	0	277,875
Shared campus services	500,000	0	500,000
Dual-credit instructor assistance	200,000	(200,000)	0
Education challenge fund	0	9,400,000	9,400,000
Tier III capital building fund pool	0	9,000,000	9,000,000
Total all funds	$128,051,636	$16,927,667	$144,979,303
Less estimated income	26,412,106	4,590,100	31,002,206
Total general fund	$101,639,530	$12,337,567	$113,977,097
Full-time equivalent positions	149.40	(0.50)	148.90"

Page 2, remove lines 27 through 31

Page 3, replace lines 1 and 2 with:

"Operations	$101,670,034	($2,926,352)	$98,743,682
Capital assets	1,922,561	0	1,922,561
Capital building fund	0	851,386	851,386
Total all funds	$103,592,595	($2,074,966)	$101,517,629
Less estimated income	72,991,998	(2,542,596)	70,449,402
Total general fund	$30,600,597	$467,630	$31,068,227
Full-time equivalent positions	358.35	(34.42)	323.93"

Page 3, replace lines 7 through 13 with:

"Operations	$36,449,048	$1,110,079	$37,559,127
Capital assets	362,667	3,000,000	3,362,667
Capital building fund	0	354,750	354,750
Total all funds	$36,811,715	$4,464,829	$41,276,544
Less estimated income	24,111,092	4,220,172	28,331,264
Total general fund	$12,700,623	$244,657	$12,945,280
Full-time equivalent positions	129.61	(11.51)	118.10"

Page 3, replace lines 18 through 24 with:

"Operations	$26,954,133	$5,641,927	$32,596,060
Capital assets	1,261,968	0	1,261,968
Capital building fund	0	275,894	275,894
Total all funds	$28,216,101	$5,917,821	$34,133,922
Less estimated income	19,855,598	4,210,581	24,066,179
Total general fund	$8,360,503	$1,707,240	$10,067,743
Full-time equivalent positions	100.75	(0.27)	100.48"

Page 3, remove lines 29 through 31

Page 4, replace lines 1 through 4 with:

"Operations	$864,554,974	$26,999,006	$891,553,980
Capital assets	4,411,566	145,000,000	149,411,566
Capital building fund	0	8,723,602	8,723,602
Total all funds	$868,966,540	$180,722,608	$1,049,689,148
Less estimated income	728,870,450	170,538,829	899,409,279
Total general fund	$140,096,090	$10,183,779	$150,279,869
Full-time equivalent positions	2,218.07	(85.90)	2,132.17"

Page 4, replace lines 9 through 15 with:

"Operations	$732,673,267	$12,602,304	$745,275,571
Capital assets	7,799,104	79,800,000	87,599,104
Capital building fund	0	5,799,192	5,799,192
Total all funds	$740,472,371	$98,201,496	$838,673,867
Less estimated income	611,881,329	94,077,555	705,958,884
Total general fund	$128,591,042	$4,123,941	$132,714,983
Full-time equivalent positions	1,895.66	(25.50)	1,870.16"

Page 4, replace lines 20 through 26 with:

"Operations	$91,682,610	$4,042,801	$95,725,411
Capital assets	1,012,379	0	1,012,379
Capital building fund	0	1,001,390	1,001,390
Total all funds	$92,694,989	$5,044,191	$97,739,180
Less estimated income	57,605,613	3,591,545	61,197,158
Total general fund	$35,089,376	$1,452,646	$36,542,022
Full-time equivalent positions	345.04	(34.31)	310.73"

Page 4, remove line 31

Page 5, replace lines 1 through 7 with:

"Operations	$47,135,592	$1,425,402	$48,560,994
Capital assets	409,078	0	409,078
Capital building fund	0	537,724	537,724
Theodore Roosevelt digitization	0	200,000	200,000
Total all funds	$47,544,670	$2,163,126	$49,707,796
Less estimated income	29,737,827	1,376,906	31,114,733
Total general fund	$17,806,843	$786,220	$18,593,063
Full-time equivalent positions	168.90	44.36	213.26"

Page 5, replace lines 12 through 18 with:

"Operations	$44,197,761	$3,521,794	$47,719,555
Capital assets	358,992	0	358,992
Capital building fund	0	480,058	480,058
Total all funds	$44,556,753	$4,001,852	$48,558,605
Less estimated income	30,307,148	1,830,841	32,137,989
Total general fund	$14,249,605	$2,171,011	$16,420,616
Full-time equivalent positions	210.53	(1.26)	209.27"

Page 5, replace lines 23 through 29 with:

"Operations	$100,710,275	$1,614,798	$102,325,073
Capital assets	1,099,620	0	1,099,620
Capital building fund	0	1,145,602	1,145,602
Total all funds	$101,809,895	$2,760,400	$104,570,295
Less estimated income	62,058,916	2,614,686	64,673,602
Total general fund	$39,750,979	$145,714	$39,896,693
Full-time equivalent positions	441.65	(34.07)	407.58"

Page 6, replace lines 3 through 9 with:

"Operations	$48,444,336	($267,408)	$48,176,928
Capital assets	455,823	0	455,823
Capital building fund	0	618,274	618,274

Total all funds	$48,900,159	$350,866	$49,251,025
Less estimated income	28,470,657	(1,878,565)	26,592,092
Total general fund	$20,429,502	$2,229,431	$22,658,933
Full-time equivalent positions	202.75	(22.07)	180.68"

Page 6, replace lines 14 through 20 with:

"Operations	$17,168,111	$4,272,495	$21,440,606
Capital assets	114,007	2,500,000	2,614,007
Capital building fund	0	212,128	212,128
Total all funds	$17,282,118	$6,984,623	$24,266,741
Less estimated income	9,629,173	6,896,742	16,525,915
Total general fund	$7,652,945	$87,881	$7,740,826
Full-time equivalent positions	84.30	(2.01)	82.29"

Page 6, replace lines 25 through 30 with:

"Operations	$205,926,712	$5,369,938	$211,296,650
Health care workforce initiative	0	10,676,150	10,676,150
Total all funds	$205,926,712	$16,046,088	$221,972,800
Less estimated income	154,078,620	4,958,391	159,037,011
Total general fund	$51,848,092	$11,087,697	$62,935,789
Full-time equivalent positions	435.75	49.57	485.32"

Page 7, replace lines 4 through 9 with:

"Operations	$14,958,447	$264,889	$15,223,336
Capital assets	118,728	0	118,728
Total all funds	$15,077,175	$264,889	$15,342,064
Less estimated income	10,650,748	14,652	10,665,400
Total general fund	$4,426,427	$250,237	$4,676,664
Full-time equivalent positions	27.00	0.00	27.00"

Page 7, replace lines 14 through 16 with:

"Grand total general fund	$613,242,154	$47,275,651	$660,517,805
Grand total special funds	1,866,661,275	294,499,839	2,161,161,114
Grand total all funds	$2,479,903,429	$341,775,490	$2,821,678,919"

Page 7, line 17, after "**FUNDING**" insert "**- EFFECT ON BASE BUDGET - REPORT TO SIXTY-SEVENTH LEGISLATIVE ASSEMBLY**"

Page 7, remove lines 21 through 31

Page 8, replace lines 1 and 2 with:

"Capital projects - other funds	$168,505,000	$230,300,000
Education challenge grants	2,000,000	9,400,000
School of law matching grants	0	250,000
Tier II and tier III capital building funds	0	29,000,000
Theodore Roosevelt digitization	0	200,000
University of North Dakota campus network upgrades	0	1,500,000
North Dakota state university campus network upgrades	0	1,500,000
Institution operations distributions	2,000,000	0
Dickinson state university operations and debt repayment	8,284,626	0
Two-year campus study	40,000	0

Valley City state university integrated carbon project	22,500,000	0
Minot state university projects	2,284,000	0
Midwestern higher education compact dues	230,000	0
Total all funds	$205,843,626	$272,150,000
Total other funds	193,289,000	260,300,000
Total general fund	$12,554,626	$11,850,000"

Page 8, after line 7, insert:

"SECTION 3. APPROPRIATION - 2017-19 BIENNIUM - WILLISTON STATE COLLEGE. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $491,850, or so much of the sum as may be necessary, to Williston state college for institution operations, for the period beginning with the effective date of this Act, and ending June 30, 2019. In accordance with section 54-44.1-11, any unexpended funds from this appropriation may be continued into the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 4. APPROPRIATION - 2017-19 BIENNIUM - DICKINSON STATE UNIVERSITY. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $550,000, or so much of the sum as may be necessary, to Dickinson state university for the digitization of documents at the Theodore Roosevelt center, for the period beginning with the effective date of this Act, and ending June 30, 2019. In accordance with section 54-44.1-11, any unexpended funds from this appropriation may be continued into the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 5. APPROPRIATION - 2017-19 BIENNIUM - STATE BOARD OF HIGHER EDUCATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $2,700,000, or so much of the sum as may be necessary, to the state board of higher education for campus workforce initiative projects, including $1,000,000 for the Bismarck state college polytechnic transition, $1,000,000 for the Dickinson state university dual-mission transition, and $700,000 for Williston state college, for the period beginning with the effective date of this Act, and ending June 30, 2019. In accordance with section 54-44.1-11, any unexpended funds from this appropriation may be continued into the biennium beginning July 1, 2019, and ending June 30, 2021."

Page 13, after line 26, insert:

"SECTION 7. AMENDMENT. Section 15-10-12.1 of the North Dakota Century Code is amended and reenacted as follows:

15-10-12.1. Acceptance of buildings and campus improvements - Legislative approval.

The state board of higher education may authorize campus improvements and building maintenance on land under the control of the board which are financed by donations, gifts, grants, and bequests if the cost of the improvement or building maintenance is not more than seven hundred thousand dollars. The consent of the legislative assembly is required for construction of any building or any addition to a building on land under the control of the board which is financed by donations, gifts, grants, and bequests. The consent of the legislative assembly is required for campus improvements or building maintenance financed by donations, gifts, grants, and bequests if the cost of the improvements or maintenance is more than seven hundred thousand dollars. During the time the legislative assembly is not in session, except for

the six months preceding the convening of a regular session and the three months following the close of a regular session, and unless otherwise restricted by previous legislative action or other law, the state board of higher education, with the approval of the budget section of the legislative management, may authorize the use of land under the control of the board and construct buildings financed by donations, gifts, grants, and bequests and campus improvements and building maintenance financed by donations, gifts, grants, and bequests if the cost of the improvement or maintenance is more than seven hundred thousand dollars. Any project request submitted to the budget section for the construction of a building financed by donations, gifts, grants, and bequests must include the removal of a building or buildings with an equivalent or greater total number of square feet compared to the proposed building. The budget section approval must include a specific dollar limit for each building, campus improvement project, or maintenance project. The state board of higher education may authorize the sale of any real property or buildings which an institution of higher learning has received by gift or bequest. The board shall prescribe such conditions for the sale of the property as it determines necessary. The conditions must include requiring an appraisal and public auction or advertisement for bids, unless the gift instrument requires a different process. If the state board of higher education submits a request for campus improvements ~~or~~, building maintenance, or to construct buildings under this section to the budget section for approval, the legislative council shall notify each member of the legislative assembly of the date of the budget section meeting at which the request will be considered and provide a copy of the meeting agenda to each member of the legislative assembly. The chairman of the budget section shall allow any member of the legislative assembly an opportunity to present testimony to the budget section regarding any such request.

SECTION 8. AMENDMENT. Section 15-10-48 of the North Dakota Century Code is amended and reenacted as follows:

15-10-48. Advancement of academics - Matching grants - University of North Dakota and North Dakota state university.

1. a. Subject to legislative appropriations, each biennium during the period beginning July first of each odd-numbered year and ending December thirty-first of each even-numbered year, the state board of higher education shall award one dollar in matching grants for every two dollars raised by the institutional foundations of the university of North Dakota and North Dakota state university for projects dedicated exclusively to the advancement of academics.

   b. To be eligible for a matching grant, an institution must demonstrate that:

      (1) Its foundation has raised at least fifty thousand dollars in cash or monetary pledges for a qualifying project; and

      (2) The project has been approved by the grant review committee established in section 15-10-51.

   c. The board may award up to ~~two hundred thousand~~one million seven hundred thousand dollars in matching grants to each institution.

   d. Projects at the university of North Dakota school of medicine and health sciences are not eligible to receive a grant under this section.

2. a. If any available dollars have not been awarded by the board before January first of each odd-numbered year, in accordance with subsection 1, either the university of North Dakota or North Dakota state university may apply for an additional matching grant.

   b. An application submitted under this subsection must meet the same criteria as an original application.

   c. The board shall consider each application submitted under this subsection in chronological order.

   d. If the remaining dollars are insufficient to provide a matching grant in the amount of one dollar for every two dollars raised by the institutional foundation, the board shall award a lesser amount.

3. The state board of higher education shall retain up to one-quarter of one percent of any grant awarded under this section to assist with administrative expenses incurred in the grant review process.

SECTION 9. Section 15-10-48.1 of the North Dakota Century Code is created and enacted as follows:

15-10-48.1. Clinical legal education, including indigent legal services, and faculty recruitment and retention - Matching grants - University of North Dakota school of law.

1. a. Subject to legislative appropriations, each biennium the state board of higher education shall award one dollar in matching grants for every two dollars raised by the institutional foundation of the university of North Dakota for projects dedicated exclusively to clinical legal education, including indigent legal services, or the recruitment and retention of faculty at the school of law.

   b. To be eligible for a matching grant, the institution shall demonstrate:

      (1) Its foundation has raised at least twenty-five thousand dollars in cash or monetary pledges for a qualifying project; and

      (2) The project has been approved by the grant review committee established in section 15-10-51.

   c. The board may award up to two hundred fifty thousand dollars in matching grants under this section.

   d. If the remaining dollars are insufficient to provide a matching grant in the amount of one dollar for every two dollars raised by the institutional foundation, the board shall award a lesser amount.

2. The state board of higher education shall retain up to one-quarter of one percent of any grant awarded under this section to assist with the administrative expenses incurred in the grant review process."

Page 14, line 16, overstrike "two hundred thousand dollars in matching grants to"

Page 14, overstrike line 17 and insert immediately thereafter ":

8-6-19

(1) Nine hundred fifty thousand dollars each to Bismarck state college, Minot state university, and the North Dakota state college of science;

(2) Seven hundred thousand dollars each to Dickinson state university, Mayville state university, and Valley City state university; and

(3) Three hundred fifty thousand dollars each to Dakota college at Bottineau, Lake Region state college, and Williston state college."

Page 15, remove lines 1 through 31

Page 16, replace lines 1 through 4 with:

"**SECTION 11. AMENDMENT.** Section 15-10-50 of the North Dakota Century Code is amended and reenacted as follows:

15-10-50. Liability for pledged amount.

If in accordance with section 15-10-48, 15-10-48.1, or 15-10-49, the state board of higher education provides grant funds to an institution, on the basis of a monetary pledge, and if the amount forthcoming is less than the amount pledged, the institutional foundation is liable to the institution for any shortfall.

SECTION 12. A new section to chapter 15-10 of the North Dakota Century Code is created and enacted as follows:

Professional student exchange programs - Bank of North Dakota - Agreements - Repayment.

1. The state board of higher education may not make a payment to an out-of-state institution on behalf of an individual participating in a professional student exchange program in veterinary medicine, dentistry, or optometry unless that individual signed a legally binding agreement with the state board of higher education which identifies the amount of the award under the professional student exchange program.

2. If the individual who signed the agreement under subsection 1 is not practicing veterinary medicine, dentistry, or optometry in this state within thirty-six months following graduation or of leaving the education program, the individual shall repay the amount of the agreement in full at that time.

3. If the individual who signed the agreement under subsection 1 practices veterinary medicine, dentistry, or optometry in this state within thirty-six months following graduation, the state board of higher education shall reduce the amount of the agreement by one-third, for each full year the individual continues practicing in the state. If the individual stops practicing in this state before the amount of the agreement is waived in its entirety, the individual shall repay the remaining portion of the agreement in full from the date the individual stopped practicing in the state.

4. If the individual who signed the agreement under subsection 1 departs before graduation from a program in dentistry or optometry, at the time of departure that individual shall repay the amount of the agreement in full.

5. The Bank of North Dakota shall allow an individual who is required to repay all or a portion of an agreement under this section to utilize one of the Bank's student loan programs as an option for repayment, up to the amount certified by the state board of higher education. To qualify under this subsection, the individual must meet student loan credit criteria as established by the Bank.

6. The state board of higher education shall defer any repayment of an agreement otherwise due under this section for the period of time the individual who signed the agreement is pursuing full-time graduate or postdoctoral studies or is called to active duty as a member of the armed forces. The repayment provisions under an agreement signed under this section must provide for cancellation of the repayment requirements if the individual dies or becomes permanently or totally disabled.

7. The state board of higher education shall adopt policies and procedures implementing this section. The state board of higher education shall confirm eligibility, to the Bank, of any individual who uses the Bank's student loan program to repay any outstanding agreement amounts in full.

SECTION 13. A new section to chapter 15-10 of the North Dakota Century Code is created and enacted as follows:

University of North Dakota men's varsity golf program.

If certain real property known as the Ray Richards golf course or Ray Richards golf course addition, 3801 demers avenue, lot 1, block 1, and Ray Richards golf course addition, 3501 demers avenue, lot 2, block 1, in the records of the city of Grand Forks, or any portion of the property, is conveyed, fifty-three and fifty-seven one hundredths percent of the sale price must be transferred to a permanent endowment fund named the Ray Richards golf endowment fund, which must be controlled and administered by the university of North Dakota alumni foundation for the sole benefit of the university of North Dakota men's varsity golf program in honor of the Ray Richards family. If the university of North Dakota men's varsity golf program has been terminated prior to the conveyance, so much of the funds in the Ray Richards golf endowment fund as necessary must be used to reinstate the program, and the remainder must be used for the sole benefit of the program.

SECTION 14. A new section to chapter 15-18 of the North Dakota Century Code is created and enacted as follows:

Curtis and Annette Hofstad agricultural center.

The agricultural center constructed on the campus of Lake Region state college is officially named the Curtis and Annette Hofstad agricultural center."

Page 17, line 26, overstrike "10.5" and insert immediately thereafter "14.0"

Page 18, line 16, replace "$60.70" with "$60.87"

Page 18, line 18, replace "$90.48" with "$90.98"

Page 18, line 20, replace "$96.52" with "$97.06"

Page 21, line 2, replace "Section" with "Sections 15-10-37 and"

10/9/19

Page 21, line 2, replace "is" with "are"

Page 21, line 29, replace "biennium" with "period"

Page 21, line 29, remove "July 1,"

Page 21, line 30, replace "2019" with "with the effective date of this Act"

Page 22, after line 12, insert:

"**SECTION 26. SALE OF PROPERTY AUTHORIZED.** The state of North Dakota, by and through the state board of higher education, may sell and convey certain real property known as gallery apartments, lots 1, 2, and 3, block 13, university heights addition, and lots 1, 2, 3, 4, 5, and 6, block 1, university heights 2nd addition, in the records of the city of Grand Forks. The state of North Dakota, by and through the state board of higher education, may sell and convey certain real property located at 1225 stanford road, lots 1 and 2, block 5, university heights addition, in the records of the city of Grand Forks. If any of the real property authorized to be conveyed under this section is conveyed, the terms of the conveyance must be determined jointly by the state board of higher education or a designee of the board and the commissioner of university and school lands. Sections 54-01-05.2 and 54-01-05.5 do not apply to the transfers authorized by this section.

SECTION 27. PROJECT AUTHORIZATIONS. The industrial commission, acting as the North Dakota building authority, shall arrange for the funding of the projects authorized in this section, declared to be in the public interest, through the issuance of evidences of indebtedness under chapter 54-17.2, beginning with the effective date of this Act, and ending June 30, 2021. The industrial commission shall issue evidences of indebtedness under this section with the condition that lease rental payments need not begin until July 1, 2021. The authority of the industrial commission to issue evidences of indebtedness under this section ends June 30, 2021, but the industrial commission may continue to exercise all other powers granted to it under chapter 54-17.2 and this Act and comply with any covenants entered before that date. The proceeds of the evidences of indebtedness are included in the appropriation in subdivision 5 of section 1, beginning with the effective date of this Act, and ending June 30, 2021, for the following projects:

University of North Dakota - deferred maintenance and parking projects	$30,000,000
Total special funds	$30,000,000

The university of North Dakota is responsible for the repayment of any evidences of indebtedness issued under this section from institution operations funding or other local funds."

Page 22, replace lines 23 through 25 with:

"University of North Dakota - memorial union	$80,000,000
North Dakota state university - university village phase II	37,600,000
Dakota college at Bottineau - dining facility	2,500,000
Total special funds	$120,100,000"

Page 23, line 3, remove "and $8,648,555 from a one percent per year increase in tuition"

Page 23, replace lines 5 through 18 with:

"	Bank of North Dakota
Bismarck state college	$425,693

Lake Region state college	177,375
Williston state college	137,947
University of North Dakota	4,361,801
North Dakota state university	2,899,596
North Dakota state college of science	500,695
Dickinson state university	268,862
Mayville state university	240,029
Minot state university	572,801
Valley City state university	309,137
Dakota college at Bottineau	106,064
Total	$10,000,000"

Page 23, line 20, remove "and for each one dollar generated from the"

Page 23, line 21, remove "one percent per year increase in tuition"

Page 23, line 26, replace "$5,000,000" with "$7,000,000"

Page 23, line 30, replace "$5,000,000" with "$7,000,000"

Page 24, line 1, replace "$4,000,000" with "$2,000,000"

Page 24, line 22, replace "Subject" with "After the institution has matched seventy-five percent of the funding appropriated from the general fund for institution extraordinary repairs pursuant to section 25 of this Act and subject"

Page 24, line 26, remove "Lake Region state college is authorized to use up to $3,000,000 from its"

Page 24, line 27, replace "capital building fund line item for the precision agriculture center project." with "the following projects are authorized to use funding from the corresponding institution's capital building fund line item:

Lake Region state college - precision agriculture center	$3,000,000
North Dakota state college of science - Hektner Student Center	6,708,000
Minot state university - dome wellness emergency generators	1,130,335
Valley City state university - life safety projects	2,529,323
Dakota college at Bottineau - Nelson Science Center	1,177,758
Total	$14,545,416"

Page 24, after line 31, insert:

"**SECTION 32. TRANSFER - BANK OF NORTH DAKOTA PROFITS - CAMPUS NETWORK UPGRADES.** The industrial commission shall transfer to the university of North Dakota a total of $1,500,000, or so much of the sum as may be necessary, and to North Dakota state university a total of $1,500,000, or so much of the sum as may be necessary, from the current earnings and accumulated undivided profits of the Bank of North Dakota during the biennium beginning July 1, 2019, and ending June 30, 2021, as requested by the commissioner of higher education. The estimated income line items in subdivisions 5 and 6 of section 1 include $1,500,000 each for the university of North Dakota and North Dakota state university for campus network upgrades."

Page 25, line 5, replace "three" with "four"

Page 25, line 14, replace "three" with "four"

Page 26, line 1, after "6." insert: "This section does not apply to differentiated tuition rates charged for higher cost programs.

7."

Page 26, replace lines 7 through 18 with:

"**SECTION 34. LEGISLATIVE MANAGEMENT STUDY.** During the 2019-20 interim, the legislative management shall consider studying North Dakota university system competitive research programs, including the established program to stimulate competitive research. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-seventh legislative assembly.

SECTION 35. APPLICATION. Section 12 of this Act applies to individuals initially entering a professional student exchange program in veterinary medicine, dentistry, or optometry after June 30, 2020."

Page 26, line 19, replace "14, 16, 18, 19, 20, 21, and 22" with "3, 4, 5, 21, 23, 25, 26, 27, 28, 29, 30, and 31"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1003 - Summary of Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
University System Office						
Total all funds	$128,051,636	$137,139,110	$7,840,193	$144,979,303	$148,079,303	($3,100,000)
Less estimated income	26,412,106	28,962,716	2,039,490	31,002,206	29,002,206	2,000,000
General fund	$101,639,530	$108,176,394	$5,800,703	$113,977,097	$119,077,097	($5,100,000)
FTE	149.40	148.90	0.00	148.90	148.90	0.00
Bismarck State College						
Total all funds	$103,592,595	$100,824,502	$693,127	$101,517,629	$101,495,222	$22,407
Less estimated income	72,991,998	69,929,126	520,276	70,449,402	70,449,402	0
General fund	$30,600,597	$30,895,376	$172,851	$31,068,227	$31,045,820	$22,407
FTE	358.35	323.93	0.00	323.93	323.93	0.00
Lake Region State College						
Total all funds	$36,811,715	$41,390,022	($113,478)	$41,276,544	$41,267,208	$9,336
Less estimated income	24,111,092	28,516,764	(185,500)	28,331,264	28,331,264	0
General fund	$12,700,623	$12,873,258	$72,022	$12,945,280	$12,935,944	$9,336
FTE	129.61	118.10	0.00	118.10	118.10	0.00
Williston State College						
Total all funds	$28,216,101	$29,729,665	$4,404,257	$34,133,922	$35,132,709	($998,787)
Less estimated income	19,855,598	19,717,935	4,348,244	24,066,179	24,066,179	0
General fund	$8,360,503	$10,011,730	$56,013	$10,067,743	$11,066,530	($998,787)
FTE	100.75	100.48	0.00	100.48	100.48	0.00
University of North Dakota						
Total all funds	$868,966,540	$1,019,612,441	$30,076,707	$1,049,689,148	$1,045,109,300	$4,579,848
Less estimated income	728,870,450	872,789,252	26,620,027	899,409,279	895,409,279	4,000,000
General fund	$140,096,090	$146,823,189	$3,456,680	$150,279,869	$149,700,021	$579,848
FTE	2,218.07	2,132.17	0.00	2,132.17	2,132.17	0.00
UND Medical Center						

Total all funds	$205,926,712	$221,782,733	$190,067	$221,972,800	$221,972,800	$0
Less estimated income	154,078,620	158,846,944	190,067	159,037,011	159,037,011	0
General fund	$51,848,092	$62,935,789	$0	$62,935,789	$62,935,789	$0
FTE	435.75	485.32	0.00	485.32	485.32	0.00
North Dakota State University						
Total all funds	$740,472,371	$841,887,616	($3,213,749)	$838,673,867	$839,673,867	($1,000,000)
Less estimated income	611,881,329	709,543,285	(3,584,401)	705,958,884	706,958,884	(1,000,000)
General fund	$128,591,042	$132,344,331	$370,652	$132,714,983	$132,714,983	$0
FTE	1,895.66	1,870.16	0.00	1,870.16	1,870.16	0.00
State College of Science						
Total all funds	$92,694,989	$97,843,036	($103,856)	$97,739,180	$127,712,826	($29,973,646)
Less estimated income	57,605,613	61,504,318	(307,160)	61,197,158	91,197,158	(30,000,000)
General fund	$35,089,376	$36,338,718	$203,304	$36,542,022	$36,515,668	$26,354
FTE	345.04	310.73	0.00	310.73	310.73	0.00
Dickinson State University						
Total all funds	$47,544,670	$49,955,579	($247,783)	$49,707,796	$50,257,796	($550,000)
Less estimated income	29,737,827	31,413,599	(298,866)	31,114,733	31,114,733	0
General fund	$17,806,843	$18,541,980	$51,083	$18,593,063	$19,143,063	($550,000)
FTE	168.90	213.26	0.00	213.26	213.26	0.00
Mayville State University						
Total all funds	$44,556,753	$48,544,353	$14,252	$48,558,605	$48,558,605	$0
Less estimated income	30,307,148	32,213,980	(75,991)	32,137,989	32,137,989	0
General fund	$14,249,605	$16,330,373	$90,243	$16,420,616	$16,420,616	$0
FTE	210.53	209.27	0.00	209.27	209.27	0.00
Minot State University						
Total all funds	$101,809,895	$104,947,947	($377,652)	$104,570,295	$104,570,295	$0
Less estimated income	62,058,916	65,266,608	(593,006)	64,673,602	64,673,602	0
General fund	$39,750,979	$39,681,339	$215,354	$39,896,693	$39,896,693	$0
FTE	441.65	407.58	0.00	407.58	407.58	0.00
Valley City State University						
Total all funds	$48,900,159	$47,919,475	$1,331,550	$49,251,025	$49,251,025	$0
Less estimated income	28,470,657	26,887,399	(295,307)	26,592,092	26,592,092	0
General fund	$20,429,502	$21,032,076	$1,626,857	$22,658,933	$22,658,933	$0
FTE	202.75	180.68	0.00	180.68	180.68	0.00
Dakota College at Bottineau						
Total all funds	$17,282,118	$18,451,501	$5,815,240	$24,266,741	$24,261,158	$5,583
Less estimated income	9,629,173	10,753,741	5,772,174	16,525,915	16,525,915	0
General fund	$7,652,945	$7,697,760	$43,066	$7,740,826	$7,735,243	$5,583
FTE	84.30	82.29	0.00	82.29	82.29	0.00
Forest Service						
Total all funds	$15,077,175	$15,307,224	$34,840	$15,342,064	$15,342,064	$0
Less estimated income	10,650,748	10,665,400	0	10,665,400	10,665,400	0
General fund	$4,426,427	$4,641,824	$34,840	$4,676,664	$4,676,664	$0
FTE	27.00	27.00	0.00	27.00	27.00	0.00
Bill total						
Total all funds	$2,479,903,429	$2,775,335,204	$46,343,715	$2,821,678,919	$2,852,684,178	($31,005,259)
Less estimated income	1,866,661,275	2,127,011,067	34,150,047	2,161,161,114	2,186,161,114	(25,000,000)
General fund	$613,242,154	$648,324,137	$12,193,668	$660,517,805	$666,523,064	($6,005,259)
FTE	6,767.76	6,609.87	0.00	6,609.87	6,609.87	0.00

House Bill No. 1003 - North Dakota University System - General Fund Summary

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
University System Office	$101,639,530	$108,176,394	$5,800,703	$113,977,097	$119,077,097	($5,100,000)
Bismarck State College	30,600,597	30,895,376	172,851	31,068,227	31,045,820	22,407
Lake Region State College	12,700,623	12,873,258	72,022	12,945,280	12,935,944	9,336
Williston State College	8,360,503	10,011,730	56,013	10,067,743	11,066,530	(998,787)
University of North Dakota	140,096,090	146,823,189	3,456,680	150,279,869	149,700,021	579,848
UND Medical Center	51,848,092	62,935,789		62,935,789	62,935,789	
North Dakota State University	128,591,042	132,344,331	370,652	132,714,983	132,714,983	
State College of Science	35,089,376	36,338,718	203,304	36,542,022	36,515,668	26,354
Dickinson State University	17,806,843	18,541,980	51,083	18,593,063	19,143,063	(550,000)
Mayville State University	14,249,605	16,330,373	90,243	16,420,616	16,420,616	
Minot State University	39,750,979	39,681,339	215,354	39,896,693	39,896,693	
Valley City State University	20,429,502	21,032,076	1,626,857	22,658,933	22,658,933	
Dakota College at Bottineau	7,652,945	7,697,760	43,066	7,740,826	7,735,243	5,583
Forest Service	4,426,427	4,641,824	34,840	4,676,664	4,676,664	
Total general fund	$613,242,154	$648,324,137	$12,193,668	$660,517,805	$666,523,064	($6,005,259)

Detail of Conference Committee Changes to the General Fund

	Adjusts Funding for University System Office[1]	Provides Funding Formula Adjustments[2]	Adjusts Special Funds[3]	Adds One-Time Funding for Campus Network Upgrades[4]	Adjusts One-Time Funding for Theodore Roosevelt Digitization[5]	Adds Funding for Capital Projects[6]
University System Office	$5,800,703					
Bismarck State College		$172,851				
Lake Region State College		72,022				
Williston State College		56,013				
University of North Dakota		3,456,680				
UND Medical Center						
North Dakota State University		370,652				
State College of Science		203,304				
Dickinson State University		101,083			($50,000)	
Mayville State University		90,243				
Minot State University		215,354				
Valley City State University		1,626,857				
Dakota College at Bottineau		43,066				
Forest Service						
Total general fund	$5,800,703	$6,408,125	$0	$0	($50,000)	$0

	Adjusts Funding for Capital Building Funds[7]	Adjusts Forest Service Funding[8]	Total General Fund Changes
University System Office			$5,800,703
Bismarck State College			172,851
Lake Region State College			72,022
Williston State College			56,013
University of North Dakota			3,456,680
UND Medical Center			
North Dakota State University			370,652
State College of Science			203,304
Dickinson State University			51,083
Mayville State University			90,243
Minot State University			215,354
Valley City State University			1,626,857
Dakota College at Bottineau			43,066
Forest Service		$34,840	34,840
Total general fund	$0	$34,840	$12,193,668

House Bill No. 1003 - North Dakota University System - Other Funds Summary

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
University System Office	$26,412,106	$28,962,716	$2,039,490	$31,002,206	$29,002,206	$2,000,000
Bismarck State College	72,991,998	69,929,126	520,276	70,449,402	70,449,402	
Lake Region State College	24,111,092	28,516,764	(185,500)	28,331,264	28,331,264	
Williston State College	19,855,598	19,717,935	4,348,244	24,066,179	24,066,179	
University of North Dakota	728,870,450	872,789,252	26,620,027	899,409,279	895,409,279	4,000,000
UND Medical Center	154,078,620	158,846,944	190,067	159,037,011	159,037,011	
North Dakota State University	611,881,329	709,543,285	(3,584,401)	705,958,884	706,958,884	(1,000,000)
State College of Science	57,605,613	61,504,318	(307,160)	61,197,158	91,197,158	(30,000,000)
Dickinson State University	29,737,827	31,413,599	(298,866)	31,114,733	31,114,733	
Mayville State University	30,307,148	32,213,980	(75,991)	32,137,989	32,137,989	
Minot State University	62,058,916	65,266,608	(593,006)	64,673,602	64,673,602	
Valley City State University	28,470,657	26,887,399	(295,307)	26,592,092	26,592,092	
Dakota College at Bottineau	9,629,173	10,753,741	5,772,174	16,525,915	16,525,915	
Forest Service	10,650,748	10,665,400		10,665,400	10,665,400	
Total other funds	$1,866,661,275	$2,127,011,067	$34,150,047	$2,161,161,114	$2,186,161,114	($25,000,000)

Detail of Conference Committee Changes to Other Funds

	Adjusts Funding for University System Office[1]	Provides Funding Formula Adjustments[2]	Adjusts Special Funds[3]	Adds One-Time Funding for Campus Network Upgrades[4]	Adjusts One-Time Funding for Theodore Roosevelt Digitization[5]	Adds Funding for Capital Projects[6]
University System Office	$2,039,490					
Bismarck State College			$1,347,972			
Lake Region State College			88,026			
Williston State College			4,508,162			
University of North Dakota			1,789,883	$1,500,000		$30,000,000
UND Medical Center			190,067			
North Dakota State University			1,518,219	1,500,000		
State College of Science			229,432			
Dickinson State University			121,052			
Mayville State University			277,783			
Minot State University			304,220			
Valley City State University			115,105			
Dakota College at Bottineau			3,417,746			2,500,000
Forest Service						
Total other funds	$2,039,490	$0	$13,907,667	$3,000,000	$0	$32,500,000

	Adjusts Funding for Capital Building Funds[7]	Adjusts Forest Service Funding[8]	Total Other Funds Changes
University System Office			$2,039,490
Bismarck State College	($827,696)		520,276
Lake Region State College	(273,526)		(185,500)
Williston State College	(159,918)		4,348,244
University of North Dakota	(6,669,856)		26,620,027
UND Medical Center			190,067
North Dakota State University	(6,602,620)		(3,584,401)
State College of Science	(536,592)		(307,160)
Dickinson State University	(419,918)		(298,866)
Mayville State University	(353,774)		(75,991)
Minot State University	(897,226)		(593,006)
Valley City State University	(410,412)		(295,307)
Dakota College at Bottineau	(145,572)		5,772,174
Forest Service			
Total other funds	($17,297,110)	$0	$34,150,047

House Bill No. 1003 - North Dakota University System - All Funds Summary

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
University System Office	$128,051,636	$137,139,110	$7,840,193	$144,979,303	$148,079,303	($3,100,000)
Bismarck State College	103,592,595	100,824,502	693,127	101,517,629	101,495,222	22,407
Lake Region State College	36,811,715	41,390,022	(113,478)	41,276,544	41,267,208	9,336
Williston State College	28,216,101	29,729,665	4,404,257	34,133,922	35,132,709	(998,787)
University of North Dakota	868,966,540	1,019,612,441	30,076,707	1,049,689,148	1,045,109,300	4,579,848
UND Medical Center	205,926,712	221,782,733	190,067	221,972,800	221,972,800	
North Dakota State University	740,472,371	841,887,616	(3,213,749)	838,673,867	839,673,867	(1,000,000)
State College of Science	92,694,989	97,843,036	(103,856)	97,739,180	127,712,826	(29,973,646)
Dickinson State University	47,544,670	49,955,579	(247,783)	49,707,796	50,257,796	(550,000)
Mayville State University	44,556,753	48,544,353	14,252	48,558,605	48,558,605	
Minot State University	101,809,895	104,947,947	(377,652)	104,570,295	104,570,295	
Valley City State University	48,900,159	47,919,475	1,331,550	49,251,025	49,251,025	
Dakota College at Bottineau	17,282,118	18,451,501	5,815,240	24,266,741	24,261,158	5,583
Forest Service	15,077,175	15,307,224	34,840	15,342,064	15,342,064	
Total all funds	$2,479,903,429	$2,775,335,204	$46,343,715	$2,821,678,919	$2,852,684,178	($31,005,259)
FTE	6,767.76	6,609.87	0.00	6,609.87	6,609.87	0.00

Detail of Conference Committee Changes to All Funds

	Adjusts Funding for University System Office[1]	Provides Funding Formula Adjustments[2]	Adjusts Special Funds[3]	Adds One-Time Funding for Campus Network Upgrades[4]	Adjusts One-Time Funding for Theodore Roosevelt Digitization[5]	Adds Funding for Capital Projects[6]
University System Office	$7,840,193					
Bismarck State College		$172,851	$1,347,972			
Lake Region State College		72,022	88,026			
Williston State College		56,013	4,508,162			
University of North Dakota		3,456,680	1,789,883	$1,500,000		$30,000,000
UND Medical Center			190,067			
North Dakota State University		370,652	1,518,219	1,500,000		
State College of Science		203,304	229,432			
Dickinson State University		101,083	121,052		($50,000)	
Mayville State University		90,243	277,783			
Minot State University		215,354	304,220			
Valley City State University		1,626,857	115,105			
Dakota College at Bottineau		43,066	3,417,746			2,500,000
Forest Service						
Total all funds	$7,840,193	$6,408,125	$13,907,667	$3,000,000	($50,000)	$32,500,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adjusts Funding for Capital Building Funds[7]	Adjusts Forest Service Funding[8]	Total All Funds Changes
University System Office			$7,840,193
Bismarck State College	($827,696)		693,127
Lake Region State College	(273,526)		(113,478)
Williston State College	(159,918)		4,404,257
University of North Dakota	(6,669,856)		30,076,707
UND Medical Center			190,067
North Dakota State University	(6,602,620)		(3,213,749)
State College of Science	(536,592)		(103,856)
Dickinson State University	(419,918)		(247,783)
Mayville State University	(353,774)		14,252
Minot State University	(897,226)		(377,652)
Valley City State University	(410,412)		1,331,550
Dakota College at Bottineau	(145,572)		5,815,240
Forest Service		$34,840	34,840
Total all funds	($17,297,110)	$34,840	$46,343,715
FTE	0.00	0.00	0.00

[1] Funding for the North Dakota University System office is adjusted as detailed in the schedules below:

The following schedule details funding adjustments for system governance:

System Governance

	General Fund	Other Funds	Total
Salary adjustment	($1,055)	$589	($466)
Audit fees	250,000	0	250,000
Western Interstate Commission for Higher Education dues	45,000	0	45,000
Total	$293,945	$589	$294,534

The Senate did not provide funding for audit fees, but made the same adjustments to system governance for salaries and Western Interstate Commission for Higher Education dues.

The following schedule details funding adjustments for core technology services:

Core Technology Services

	General Fund	Other Funds	Total
Salary adjustment	$56,758	$38,901	$95,659

The Senate made the same adjustments to core technology services for salaries.

The following schedule details funding included in other line items in the University System office budget that were adjusted by the Conference Committee:

Other Line Items

	General Fund - Other Line Items		
	House Version	Senate Version	Conference Committee Version
Competitive research programs	$6,027,750	$5,685,750	$5,685,750
NASA EPSCoR	0	342,000	342,000
Challenge grants	2,200,000	12,500,000	9,400,000
Education incentive programs	760,000	760,000	510,000
Tribal college grants	500,000	1,000,000	1,000,000
Total	$9,487,750	$20,287,750	$16,937,750

Of the $510,000 appropriated in the education incentive programs line item in the Conference Committee version, $250,000 is for matching grants for the University of North Dakota School of Law and $260,000 is for graduate programs. The Conference Committee removed $500,000 from the general fund for the technology occupations student loan program.

[2] The following adjustments are made to institution general fund appropriations through the higher education funding formula:

	Credit-Hour Completion Adjustment	Salary Adjustment	School of Law Adjustment	Total
Bismarck State College	$0	$172,851	$0	$172,851
Lake Region State College	0	72,022	0	72,022
Williston State College	0	56,013	0	56,013
University of North Dakota (UND)	0	663,298	2,793,382	3,456,680
North Dakota State University	0	370,652	0	370,652
North Dakota State College of Science	0	203,304	0	203,304
Dickinson State University	0	101,083	0	101,083
Mayville State University	0	90,243	0	90,243
Minot State University	0	215,354	0	215,354
Valley City State University	1,443,717	183,140	0	1,626,857
Dakota College at Bottineau	0	43,066	0	43,066
Total	$1,443,717	$2,171,026	$2,793,382	$6,408,125

The Senate also provided for the credit-hour completion adjustment at Valley City State University and provided $2,234,682 for the UND School of Law adjustment. A cost of living adjustment added by the Senate was not included by the Conference Committee version.

[3] The following adjustments are made to institution other funds appropriations, the same as the Senate version:

	Salary Adjustment	Updated Other Funds Estimate	Total
Bismarck State College	$258,585	$1,089,387	$1,347,972
Lake Region State College	88,026	0	88,026
Williston State College	65,468	4,442,694	4,508,162
UND	1,789,883	0	1,789,883
UND School of Medicine	190,067	0	190,067
North Dakota State University	1,518,219	0	1,518,219
North Dakota State College of Science	229,432	0	229,432
Dickinson State University	121,052	0	121,052
Mayville State University	277,783	0	277,783
Minot State University	304,220	0	304,220
Valley City State University	115,105	0	115,105
Dakota College at Bottineau	59,159	3,358,587	3,417,746
Total	$5,016,999	$8,890,668	$13,907,667

[4] One-time funding of $3 million is added from Bank of North Dakota profits, including $1.5 million each for UND and North Dakota State University, for campus network upgrades. The Senate appropriated $5 million from Bank of North Dakota profits to provide $2.5 million each for UND and North Dakota State University for the research digital initiative.

[5] One-time funding from the general fund is reduced by $50,000 to provide a total 2019-21 biennium appropriation of $200,000 from the general fund for the digitization of documents at the Theodore Roosevelt Center. The Conference Committee also provided a 2017-19 biennium appropriation of $550,000 from the general fund, to provide total funding of $750,000 for the digitization of documents at the Theodore Roosevelt Center. The Senate provided $750,000 and the House provided $250,000 from the general fund for the digitization of documents at the Theodore Roosevelt Center.

[6] One-time funding is added for the following capital building projects:

	Other Funds
UND deferred maintenance and parking (appropriation bonds)	$30,000,000
Dakota College at Bottineau dining facility (revenue bonds)	2,500,000
Total	$32,500,000

[7] The 1 percent tuition increase component of the Tier II capital building fund program is removed as follows, the same as the Senate version:

	1 Percent Tuition Increase	Institution Match	Total
Bismarck State College	($413,848)	($413,848)	($827,696)
Lake Region State College	(136,763)	(136,763)	(273,526)
Williston State College	(79,959)	(79,959)	(159,918)
UND	(3,334,928)	(3,334,928)	(6,669,856)
North Dakota State University	(3,301,310)	(3,301,310)	(6,602,620)
North Dakota State College of Science	(268,296)	(268,296)	(536,592)
Dickinson State University	(209,959)	(209,959)	(419,918)
Mayville State University	(176,887)	(176,887)	(353,774)
Minot State University	(448,613)	(448,613)	(897,226)
Valley City State University	(205,206)	(205,206)	(410,412)
Dakota College at Bottineau	(72,786)	(72,786)	(145,572)
Total	($8,648,555)	($8,648,555)	($17,297,110)

[8] Funding for the Forest Service is adjusted to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of $120 and a maximum monthly increase of $200, and 2.5 percent on July 1, 2020, the same as the Senate version. The House provided funding for a 2 percent salary increase on July 1, 2019, and a 2 percent salary increase on July 1, 2020.

House Bill No. 1003 - Other Changes - Conference Committee Action

This amendment also:

- Adds a 2017-19 biennium appropriation of $491,850 from the general fund for Williston State College due to a funding formula error, the same as the Senate version.
- Does not add a 2017-19 biennium appropriation of $250,000 from the general fund for a UND School of Law challenge grant program added by the Senate. The Conference Committee provided a 2019-21 biennium appropriation of $250,000 from the general fund for the program.
- Adds a 2017-19 biennium appropriation of $550,000 from the general fund for the digitization of documents at the Theodore Roosevelt Center at Dickinson State University, to provide total funding of $750,000 for the project. The Senate included a 2019-21 biennium appropriation of $750,000 from the general fund for the project.
- Adds a 2017-19 biennium appropriation of $2.7 million from the general fund for campus workforce initiative projects. The Senate provided a 2017-19 biennium appropriation of $3 million from the general fund for campus workforce initiative projects.
- Removes three sections added by the House relating to facility space and maintenance reserves, the same as the Senate version.
- Amends North Dakota Century Code Section 15-10-12.1 to allow Budget Section approval of building projects that, net of removed buildings, do not result in additional square footage on campus.
- Creates a new section to Chapter 15-10 to provide repayment provisions for the professional student exchange program.
- Creates a new section to Chapter 15-10 relating to Ray Richards golf course and the UND men's varsity golf program.
- Names the Lake Region State College precision agriculture center the Curtis and Annette Hofstad Agricultural Center.
- Repeals Section 15-10-37, relating to the technology occupations student loan program.
- Provides for the sale of certain properties owned by UND, the same as the Senate version.
- Provides appropriation bond authority for UND deferred maintenance and parking projects. The Senate provided appropriation bond authority for only the deferred maintenance projects
- Provides revenue bond authority for the Dakota College at Bottineau dining facility project. The Senate had also included revenue bond authority for UND parking projects.
- Does not make the Senate adjustment to reduce the matching requirement for Tier III capital building fund money to provide for a dollar-to-dollar match. The match is 2 to 1, the same as the House version.
- Provides authority to use capital building fund money for additional capital projects, the same as the Senate version.
- Provides Tier II and Tier III capital building fund money may not be used until an institution has matched 75 percent of its extraordinary repairs funding appropriated from the general fund.
- Adjusts the tuition rate increase limitation for certain resident undergraduate tuition rate increases to 4 percent per year, the same as the Senate version.
- Provides for a Legislative Management study of EPSCoR.

Date: 4/18/2019
Roll Call Vote #: 1

2019 HOUSE CONFERENCE COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. HB 1003 as (re) engrossed

House Appropriations Education and Environment Division Committee

Action Taken
- ☐ **HOUSE accede to Senate Amendments**
- ☐ **HOUSE accede to Senate Amendments and further amend**
- ☐ **SENATE recede from Senate amendments**
- ☐ **SENATE recede from Senate amendments and amend as follows**

adopt amendment/further amend **Other**

- ☐ **Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Senator Ray Holmberg Seconded by: Senator Larry Robinson

Representatives	4/17	4/18		Yes	No	Senators	4/17	4/18		Yes	No
(C) Rep. Sanford	X	X				Sen. Holmberg	X	X			
Rep. Martinson	X					Sen. Krebsbach	X	X			
Rep. Boe	X	X				Sen. Robinson	X	X			
Total Rep. Vote						Total Senate Vote					

Vote Count **Voice vote** Yes: **- carries** No: Absent: 1

House Carrier Senate Carrier

LC Number 19.091 . 02007 of amendment

LC Number . of engrossment

Emergency clause added or deleted

Statement of purpose of amendment
Adopt amendment 19.091.02007 regarding a budget section clause for HB 1003.

Date: 4/23/2019
Roll Call Vote #: 1

2019 HOUSE CONFERENCE COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. HB 1003 as (re) engrossed

House Appropriations Education and Environment Division Committee

Action Taken
- ☐ **HOUSE accede to Senate Amendments**
- ☐ **HOUSE accede to Senate Amendments and further amend**
- ☐ **SENATE recede from Senate amendments**
- ☒ **SENATE recede from Senate amendments and amend as follows**

☐ **Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Senator Larry Robinson Seconded by: Representative Bob Martinson

Representatives	4/19	4/23	4/23	Yes	No	Senators	4/19	4/23	4/23	Yes	No
(C) Rep. Sanford	X	X	X	X		Sen. Holmberg	X	X	X	X	
Rep. Martinson	X	X	X	X		Sen. Krebsbach	X	X	X	X	
Rep. Boe	X	X	X	X		Sen. Robinson	X	X	X	X	
Total Rep. Vote						Total Senate Vote					

Vote Count Yes: 6 No: 0 Absent: 0

House Carrier Representative Mark Sanford Senate Carrier Senator Ray Holmberg

LC Number _____ . _____ of amendment

LC Number _____ . _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment
Final drafted amendment to the Senate changes to the House version

Date: 4/24/2019
Roll Call Vote #: 2

2019 HOUSE CONFERENCE COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. HB 1003 as (re) engrossed

House Appropriations Education and Environment Division Committee

Action Taken
- ☐ **HOUSE accede to Senate Amendments**
- ☐ **HOUSE accede to Senate Amendments and further amend**
- ☐ **SENATE recede from Senate amendments**
- ☐ **SENATE recede from Senate amendments and amend as follows**
- **X** **Other – Reconsider and further amend**
- ☐ **Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Senator Ray Holmberg Seconded by: Representative Tracy Boe

Representatives				Yes	No	Senators				Yes	No
(C) Rep. Sanford						Sen. Holmberg					
Rep. Martinson						Sen. Krebsbach					
Rep. Boe						Sen. Robinson					
Total Rep. Vote						Total Senate Vote					

Vote Count Yes: **Voice vote carries** No: _____ Absent: _____

House Carrier Representative Mark Sanford Senate Carrier Senator Ray Holmberg

LC Number _____ . _____ of amendment

LC Number _____ . _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment
Motion to reconsider and remove amendment regarding free speech on college campuses

Date: 4/24/2019
Roll Call Vote #: 3

2019 HOUSE CONFERENCE COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. HB 1003 as (re) engrossed

House Appropriations Education and Environment Division Committee

Action Taken
- ☐ **HOUSE accede to Senate Amendments**
- ☐ **HOUSE accede to Senate Amendments and further amend**
- ☐ **SENATE recede from Senate amendments**
- ☒ **SENATE recede from Senate amendments and amend as follows**

☐ **Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Senator Ray Holmberg Seconded by: Senator Larry Robinson

Representatives	4/24			Yes	No	Senators	4/24			Yes	No
(C) Rep. Sanford	X			X		Sen. Holmberg	X			X	
Rep. Martinson	X			X		Sen. Krebsbach	X			X	
Rep. Boe	X			X		Sen. Robinson	X			X	
Total Rep. Vote						Total Senate Vote					

Vote Count Yes: 6 No: 0 Absent: 0

House Carrier Representative Mark Sanford Senate Carrier Senator Ray Holmberg

LC Number _____ . _____ of amendment

LC Number _____ . _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

Insert LC: 19.0191.02010
House Carrier: Sanford
Senate Carrier: Holmberg

REPORT OF CONFERENCE COMMITTEE

HB 1003, as engrossed: Your conference committee (Sens. Holmberg, Krebsbach, Robinson and Reps. Sanford, Martinson, Boe) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ pages 1813-1827, adopt amendments as follows, and place HB 1003 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1813-1827 of the House Journal and pages 1503-1517 of the Senate Journal and that Engrossed House Bill No. 1003 be amended as follows:

Page 1, line 2, remove "and three new subsections to"

Page 1, line 3, replace "section 15-10-63" with ", two new sections to chapter 15-10, section 15-10-48.1, and a new section to chapter 15-18"

Page 1, line 4, replace "and capital project authorization" with ", the university of North Dakota men's golf program, the professional student exchange program, matching grants for the university of North Dakota school of law, and the Curtis and Annette Hofstad agricultural center"

Page 1, line 4, after "sections" insert "15-10-12.1, 15-10-48,"

Page 1, line 4, after the comma insert "15-10-50,"

Page 1, line 6, after "to" insert "acceptance of buildings and campus improvements,"

Page 1, line 8, replace "section" with "sections 15-10-37 and"

Page 1, line 9, after the first "to" insert "the technology occupations student loan program and"

Page 1, line 9, after the semicolon insert "to authorize the industrial commission to issue and sell evidences of indebtedness for capital projects;"

Page 1, line 10, after "transfer" insert "; to provide for the conveyance of real property; to provide for a legislative management study"

Page 1, line 11, replace "report" with "reports; to provide for application"

Page 1, remove line 24

Page 2, replace lines 1 through 22 with:

"Capital assets - bond payments	$6,605,326	($1,645,878)	$4,959,448
Competitive research programs	6,027,750	(342,000)	5,685,750
NASA EPSCoR	0	342,000	342,000
System governance	8,163,238	574,629	8,737,867
Title II	1,006,472	(1,006,472)	0
Core technology services	61,527,347	758,781	62,286,128
Student financial assistance grants	21,917,306	2,000,000	23,917,306
Professional student exchange program	3,699,342	0	3,699,342
Academic and technical education scholarships	12,016,749	0	12,016,749
Scholars program	1,807,115	0	1,807,115
Native American scholarship	555,323	0	555,323
Tribally controlled community college grants	600,000	400,000	1,000,000
Education incentive programs	2,863,393	(2,353,393)	510,000
Student mental health	284,400	0	284,400

Veterans' assistance grants	277,875	0	277,875
Shared campus services	500,000	0	500,000
Dual-credit instructor assistance	200,000	(200,000)	0
Education challenge fund	0	9,400,000	9,400,000
Tier III capital building fund pool	0	9,000,000	9,000,000
Total all funds	$128,051,636	$16,927,667	$144,979,303
Less estimated income	26,412,106	4,590,100	31,002,206
Total general fund	$101,639,530	$12,337,567	$113,977,097
Full-time equivalent positions	149.40	(0.50)	148.90"

Page 2, remove lines 27 through 31

Page 3, replace lines 1 and 2 with:

"Operations	$101,670,034	($2,926,352)	$98,743,682
Capital assets	1,922,561	0	1,922,561
Capital building fund	0	851,386	851,386
Total all funds	$103,592,595	($2,074,966)	$101,517,629
Less estimated income	72,991,998	(2,542,596)	70,449,402
Total general fund	$30,600,597	$467,630	$31,068,227
Full-time equivalent positions	358.35	(34.42)	323.93"

Page 3, replace lines 7 through 13 with:

"Operations	$36,449,048	$1,110,079	$37,559,127
Capital assets	362,667	3,000,000	3,362,667
Capital building fund	0	354,750	354,750
Total all funds	$36,811,715	$4,464,829	$41,276,544
Less estimated income	24,111,092	4,220,172	28,331,264
Total general fund	$12,700,623	$244,657	$12,945,280
Full-time equivalent positions	129.61	(11.51)	118.10"

Page 3, replace lines 18 through 24 with:

"Operations	$26,954,133	$5,641,927	$32,596,060
Capital assets	1,261,968	0	1,261,968
Capital building fund	0	275,894	275,894
Total all funds	$28,216,101	$5,917,821	$34,133,922
Less estimated income	19,855,598	4,210,581	24,066,179
Total general fund	$8,360,503	$1,707,240	$10,067,743
Full-time equivalent positions	100.75	(0.27)	100.48"

Page 3, remove lines 29 through 31

Page 4, replace lines 1 through 4 with:

"Operations	$864,554,974	$26,999,006	$891,553,980
Capital assets	4,411,566	145,000,000	149,411,566
Capital building fund	0	8,723,602	8,723,602
Total all funds	$868,966,540	$180,722,608	$1,049,689,148
Less estimated income	728,870,450	170,538,829	899,409,279
Total general fund	$140,096,090	$10,183,779	$150,279,869
Full-time equivalent positions	2,218.07	(85.90)	2,132.17"

Page 4, replace lines 9 through 15 with:

"Operations	$732,673,267	$12,602,304	$745,275,571
Capital assets	7,799,104	79,800,000	87,599,104
Capital building fund	0	5,799,192	5,799,192

Total all funds	$740,472,371	$98,201,496	$838,673,867
Less estimated income	611,881,329	94,077,555	705,958,884
Total general fund	$128,591,042	$4,123,941	$132,714,983
Full-time equivalent positions	1,895.66	(25.50)	1,870.16"

Page 4, replace lines 20 through 26 with:

"Operations	$91,682,610	$4,042,801	$95,725,411
Capital assets	1,012,379	0	1,012,379
Capital building fund	0	1,001,390	1,001,390
Total all funds	$92,694,989	$5,044,191	$97,739,180
Less estimated income	57,605,613	3,591,545	61,197,158
Total general fund	$35,089,376	$1,452,646	$36,542,022
Full-time equivalent positions	345.04	(34.31)	310.73"

Page 4, remove line 31

Page 5, replace lines 1 through 7 with:

"Operations	$47,135,592	$1,425,402	$48,560,994
Capital assets	409,078	0	409,078
Capital building fund	0	537,724	537,724
Theodore Roosevelt digitization	0	200,000	200,000
Total all funds	$47,544,670	$2,163,126	$49,707,796
Less estimated income	29,737,827	1,376,906	31,114,733
Total general fund	$17,806,843	$786,220	$18,593,063
Full-time equivalent positions	168.90	44.36	213.26"

Page 5, replace lines 12 through 18 with:

"Operations	$44,197,761	$3,521,794	$47,719,555
Capital assets	358,992	0	358,992
Capital building fund	0	480,058	480,058
Total all funds	$44,556,753	$4,001,852	$48,558,605
Less estimated income	30,307,148	1,830,841	32,137,989
Total general fund	$14,249,605	$2,171,011	$16,420,616
Full-time equivalent positions	210.53	(1.26)	209.27"

Page 5, replace lines 23 through 29 with:

"Operations	$100,710,275	$1,614,798	$102,325,073
Capital assets	1,099,620	0	1,099,620
Capital building fund	0	1,145,602	1,145,602
Total all funds	$101,809,895	$2,760,400	$104,570,295
Less estimated income	62,058,916	2,614,686	64,673,602
Total general fund	$39,750,979	$145,714	$39,896,693
Full-time equivalent positions	441.65	(34.07)	407.58"

Page 6, replace lines 3 through 9 with:

"Operations	$48,444,336	($267,408)	$48,176,928
Capital assets	455,823	0	455,823
Capital building fund	0	618,274	618,274
Total all funds	$48,900,159	$350,866	$49,251,025
Less estimated income	28,470,657	(1,878,565)	26,592,092
Total general fund	$20,429,502	$2,229,431	$22,658,933
Full-time equivalent positions	202.75	(22.07)	180.68"

Page 6, replace lines 14 through 20 with:

"Operations	$17,168,111	$4,272,495	$21,440,606
Capital assets	114,007	2,500,000	2,614,007
Capital building fund	0	212,128	212,128
Total all funds	$17,282,118	$6,984,623	$24,266,741
Less estimated income	9,629,173	6,896,742	16,525,915
Total general fund	$7,652,945	$87,881	$7,740,826
Full-time equivalent positions	84.30	(2.01)	82.29"

Page 6, replace lines 25 through 30 with:

"Operations	$205,926,712	$5,369,938	$211,296,650
Health care workforce initiative	0	10,676,150	10,676,150
Total all funds	$205,926,712	$16,046,088	$221,972,800
Less estimated income	154,078,620	4,958,391	159,037,011
Total general fund	$51,848,092	$11,087,697	$62,935,789
Full-time equivalent positions	435.75	49.57	485.32"

Page 7, replace lines 4 through 9 with:

"Operations	$14,958,447	$264,889	$15,223,336
Capital assets	118,728	0	118,728
Total all funds	$15,077,175	$264,889	$15,342,064
Less estimated income	10,650,748	14,652	10,665,400
Total general fund	$4,426,427	$250,237	$4,676,664
Full-time equivalent positions	27.00	0.00	27.00"

Page 7, replace lines 14 through 16 with:

"Grand total general fund	$613,242,154	$47,275,651	$660,517,805
Grand total special funds	1,866,661,275	294,499,839	2,161,161,114
Grand total all funds	$2,479,903,429	$341,775,490	$2,821,678,919"

Page 7, line 17, after "**FUNDING**" insert "**- EFFECT ON BASE BUDGET - REPORT TO SIXTY-SEVENTH LEGISLATIVE ASSEMBLY**"

Page 7, remove lines 21 through 31

Page 8, replace lines 1 and 2 with:

"Capital projects - other funds	$168,505,000	$230,300,000
Education challenge grants	2,000,000	9,400,000
School of law matching grants	0	250,000
Tier II and tier III capital building funds	0	29,000,000
Theodore Roosevelt digitization	0	200,000
University of North Dakota campus network upgrades	0	1,500,000
North Dakota state university campus network upgrades	0	1,500,000
Institution operations distributions	2,000,000	0
Dickinson state university operations and debt repayment	8,284,626	0
Two-year campus study	40,000	0
Valley City state university integrated carbon project	22,500,000	0
Minot state university projects	2,284,000	0
Midwestern higher education compact dues	230,000	0
Total all funds	$205,843,626	$272,150,000
Total other funds	193,289,000	260,300,000
Total general fund	$12,554,626	$11,850,000"

Page 8, after line 7, insert:

"SECTION 3. APPROPRIATION - 2017-19 BIENNIUM - WILLISTON STATE COLLEGE. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $491,850, or so much of the sum as may be necessary, to Williston state college for institution operations, for the period beginning with the effective date of this Act, and ending June 30, 2019. In accordance with section 54-44.1-11, any unexpended funds from this appropriation may be continued into the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 4. APPROPRIATION - 2017-19 BIENNIUM - DICKINSON STATE UNIVERSITY. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $550,000, or so much of the sum as may be necessary, to Dickinson state university for the digitization of documents at the Theodore Roosevelt center, for the period beginning with the effective date of this Act, and ending June 30, 2019. In accordance with section 54-44.1-11, any unexpended funds from this appropriation may be continued into the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 5. APPROPRIATION - 2017-19 BIENNIUM - STATE BOARD OF HIGHER EDUCATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $2,700,000, or so much of the sum as may be necessary, to the state board of higher education for campus workforce initiative projects, including $1,000,000 for the Bismarck state college polytechnic transition, $1,000,000 for the Dickinson state university dual-mission transition, and $700,000 for Williston state college, for the period beginning with the effective date of this Act, and ending June 30, 2019. In accordance with section 54-44.1-11, any unexpended funds from this appropriation may be continued into the biennium beginning July 1, 2019, and ending June 30, 2021."

Page 13, after line 26, insert:

"SECTION 7. AMENDMENT. Section 15-10-12.1 of the North Dakota Century Code is amended and reenacted as follows:

15-10-12.1. Acceptance of buildings and campus improvements - Legislative approval.

The state board of higher education may authorize campus improvements and building maintenance on land under the control of the board which are financed by donations, gifts, grants, and bequests if the cost of the improvement or building maintenance is not more than seven hundred thousand dollars. The consent of the legislative assembly is required for construction of any building or any addition to a building on land under the control of the board which is financed by donations, gifts, grants, and bequests. The consent of the legislative assembly is required for campus improvements or building maintenance financed by donations, gifts, grants, and bequests if the cost of the improvements or maintenance is more than seven hundred thousand dollars. During the time the legislative assembly is not in session, except for the six months preceding the convening of a regular session and the three months following the close of a regular session, and unless otherwise restricted by previous legislative action or other law, the state board of higher education, with the approval of the budget section of the legislative management, may authorize the use of land under the control of the board and construct buildings financed by donations, gifts, grants, and bequests and campus improvements and building maintenance financed by donations, gifts, grants, and bequests if the cost of the improvement or maintenance is more than seven hundred thousand dollars. Any project request submitted to the budget section for the construction of a building financed by donations, gifts, grants, and bequests must include the removal of a building or buildings with an equivalent or greater total number of square feet compared to the proposed building. The budget section approval must include a specific dollar limit for

each building, campus improvement project, or maintenance project. The state board of higher education may authorize the sale of any real property or buildings which an institution of higher learning has received by gift or bequest. The board shall prescribe such conditions for the sale of the property as it determines necessary. The conditions must include requiring an appraisal and public auction or advertisement for bids, unless the gift instrument requires a different process. If the state board of higher education submits a request for campus improvements ~~or~~, building maintenance, or to construct buildings under this section to the budget section for approval, the legislative council shall notify each member of the legislative assembly of the date of the budget section meeting at which the request will be considered and provide a copy of the meeting agenda to each member of the legislative assembly. The chairman of the budget section shall allow any member of the legislative assembly an opportunity to present testimony to the budget section regarding any such request.

SECTION 8. AMENDMENT. Section 15-10-48 of the North Dakota Century Code is amended and reenacted as follows:

15-10-48. Advancement of academics - Matching grants - University of North Dakota and North Dakota state university.

1. a. Subject to legislative appropriations, each biennium during the period beginning July first of each odd-numbered year and ending December thirty-first of each even-numbered year, the state board of higher education shall award one dollar in matching grants for every two dollars raised by the institutional foundations of the university of North Dakota and North Dakota state university for projects dedicated exclusively to the advancement of academics.

   b. To be eligible for a matching grant, an institution must demonstrate that:

      (1) Its foundation has raised at least fifty thousand dollars in cash or monetary pledges for a qualifying project; and

      (2) The project has been approved by the grant review committee established in section 15-10-51.

   c. The board may award up to ~~two hundred thousand~~one million seven hundred thousand dollars in matching grants to each institution.

   d. Projects at the university of North Dakota school of medicine and health sciences are not eligible to receive a grant under this section.

2. a. If any available dollars have not been awarded by the board before January first of each odd-numbered year, in accordance with subsection 1, either the university of North Dakota or North Dakota state university may apply for an additional matching grant.

   b. An application submitted under this subsection must meet the same criteria as an original application.

   c. The board shall consider each application submitted under this subsection in chronological order.

   d. If the remaining dollars are insufficient to provide a matching grant in the amount of one dollar for every two dollars raised by the institutional foundation, the board shall award a lesser amount.

3. The state board of higher education shall retain up to one-quarter of one percent of any grant awarded under this section to assist with administrative expenses incurred in the grant review process.

SECTION 9. Section 15-10-48.1 of the North Dakota Century Code is created and enacted as follows:

15-10-48.1. Clinical legal education, including indigent legal services, and faculty recruitment and retention - Matching grants - University of North Dakota school of law.

1. a. Subject to legislative appropriations, each biennium the state board of higher education shall award one dollar in matching grants for every two dollars raised by the institutional foundation of the university of North Dakota for projects dedicated exclusively to clinical legal education, including indigent legal services, or the recruitment and retention of faculty at the school of law.

   b. To be eligible for a matching grant, the institution shall demonstrate:

      (1) Its foundation has raised at least twenty-five thousand dollars in cash or monetary pledges for a qualifying project; and

      (2) The project has been approved by the grant review committee established in section 15-10-51.

   c. The board may award up to two hundred fifty thousand dollars in matching grants under this section.

   d. If the remaining dollars are insufficient to provide a matching grant in the amount of one dollar for every two dollars raised by the institutional foundation, the board shall award a lesser amount.

2. The state board of higher education shall retain up to one-quarter of one percent of any grant awarded under this section to assist with the administrative expenses incurred in the grant review process."

Page 14, line 16, overstrike "two hundred thousand dollars in matching grants to"

Page 14, overstrike line 17 and insert immediately thereafter ":

(1) Nine hundred fifty thousand dollars each to Bismarck state college, Minot state university, and the North Dakota state college of science;

(2) Seven hundred thousand dollars each to Dickinson state university, Mayville state university, and Valley City state university; and

(3) Three hundred fifty thousand dollars each to Dakota college at Bottineau, Lake Region state college, and Williston state college."

Page 15, remove lines 1 through 31

Page 16, replace lines 1 through 4 with:

"**SECTION 11. AMENDMENT.** Section 15-10-50 of the North Dakota Century Code is amended and reenacted as follows:

15-10-50. Liability for pledged amount.

If in accordance with section 15-10-48, 15-10-48.1, or 15-10-49, the state board of higher education provides grant funds to an institution, on the basis of a monetary pledge, and if the amount forthcoming is less than the amount pledged, the institutional foundation is liable to the institution for any shortfall.

SECTION 12. A new section to chapter 15-10 of the North Dakota Century Code is created and enacted as follows:

Professional student exchange programs - Bank of North Dakota - Agreements - Repayment.

1. The state board of higher education may not make a payment to an out-of-state institution on behalf of an individual participating in a professional student exchange program in veterinary medicine, dentistry, or optometry unless that individual signed a legally binding agreement with the state board of higher education which identifies the amount of the award under the professional student exchange program.

2. If the individual who signed the agreement under subsection 1 is not practicing veterinary medicine, dentistry, or optometry in this state within thirty-six months following graduation or of leaving the education program, the individual shall repay the amount of the agreement in full at that time.

3. If the individual who signed the agreement under subsection 1 practices veterinary medicine, dentistry, or optometry in this state within thirty-six months following graduation, the state board of higher education shall reduce the amount of the agreement by one-third, for each full year the individual continues practicing in the state. If the individual stops practicing in this state before the amount of the agreement is waived in its entirety, the individual shall repay the remaining portion of the agreement in full from the date the individual stopped practicing in the state.

4. If the individual who signed the agreement under subsection 1 departs before graduation from a program in dentistry or optometry, at the time of departure that individual shall repay the amount of the agreement in full.

5. The Bank of North Dakota shall allow an individual who is required to repay all or a portion of an agreement under this section to utilize one of the Bank's student loan programs as an option for repayment, up to the amount certified by the state board of higher education. To qualify under this subsection, the individual must meet student loan credit criteria as established by the Bank.

6. The state board of higher education shall defer any repayment of an agreement otherwise due under this section for the period of time the individual who signed the agreement is pursuing full-time graduate or postdoctoral studies or is called to active duty as a member of the armed forces. The repayment provisions under an agreement signed under this section must provide for cancellation of the repayment requirements if the individual dies or becomes permanently or totally disabled.

7. The state board of higher education shall adopt policies and procedures implementing this section. The state board of higher education shall confirm eligibility, to the Bank, of any individual who uses the Bank's

student loan program to repay any outstanding agreement amounts in full.

SECTION 13. A new section to chapter 15-10 of the North Dakota Century Code is created and enacted as follows:

University of North Dakota men's varsity golf program.

If certain real property known as the Ray Richards golf course or Ray Richards golf course addition, 3801 demers avenue, lot 1, block 1, and Ray Richards golf course addition, 3501 demers avenue, lot 2, block 1, in the records of the city of Grand Forks, or any portion of the property, is conveyed, fifty-three and fifty-seven one hundredths percent of the sale price must be transferred to a permanent endowment fund named the Ray Richards golf endowment fund, which must be controlled and administered by the university of North Dakota alumni foundation for the sole benefit of the university of North Dakota men's varsity golf program in honor of the Ray Richards family. If the university of North Dakota men's varsity golf program has been terminated prior to the conveyance, so much of the funds in the Ray Richards golf endowment fund as necessary must be used to reinstate the program, and the remainder must be used for the sole benefit of the program.

SECTION 14. A new section to chapter 15-18 of the North Dakota Century Code is created and enacted as follows:

Curtis and Annette Hofstad agricultural center.

The agricultural center constructed on the campus of Lake Region state college is officially named the Curtis and Annette Hofstad agricultural center."

Page 17, line 26, overstrike "10.5" and insert immediately thereafter "14.0"

Page 18, line 16, replace "$60.70" with "$60.87"

Page 18, line 18, replace "$90.48" with "$90.98"

Page 18, line 20, replace "$96.52" with "$97.06"

Page 21, line 2, replace "Section" with "Sections 15-10-37 and"

Page 21, line 2, replace "is" with "are"

Page 21, line 29, replace "biennium" with "period"

Page 21, line 29, remove "July 1,"

Page 21, line 30, replace "2019" with "with the effective date of this Act"

Page 22, after line 12, insert:

"**SECTION 26. SALE OF PROPERTY AUTHORIZED.** The state of North Dakota, by and through the state board of higher education, may sell and convey certain real property known as gallery apartments, lots 1, 2, and 3, block 13, university heights addition, and lots 1, 2, 3, 4, 5, and 6, block 1, university heights 2nd addition, in the records of the city of Grand Forks. The state of North Dakota, by and through the state board of higher education, may sell and convey certain real property located at 1225 stanford road, lots 1 and 2, block 5, university heights addition, in the records of the city of Grand Forks. If any of the real property authorized to be conveyed under this section is conveyed, the terms of the conveyance must be determined jointly by the state board of higher education or a

designee of the board and the commissioner of university and school lands. Sections 54-01-05.2 and 54-01-05.5 do not apply to the transfers authorized by this section.

SECTION 27. PROJECT AUTHORIZATIONS. The industrial commission, acting as the North Dakota building authority, shall arrange for the funding of the projects authorized in this section, declared to be in the public interest, through the issuance of evidences of indebtedness under chapter 54-17.2, beginning with the effective date of this Act, and ending June 30, 2021. The industrial commission shall issue evidences of indebtedness under this section with the condition that lease rental payments need not begin until July 1, 2021. The authority of the industrial commission to issue evidences of indebtedness under this section ends June 30, 2021, but the industrial commission may continue to exercise all other powers granted to it under chapter 54-17.2 and this Act and comply with any covenants entered before that date. The proceeds of the evidences of indebtedness are included in the appropriation in subdivision 5 of section 1, beginning with the effective date of this Act, and ending June 30, 2021, for the following projects:

University of North Dakota - deferred maintenance and parking projects	$30,000,000
Total special funds	$30,000,000

The university of North Dakota is responsible for the repayment of any evidences of indebtedness issued under this section from institution operations funding or other local funds."

Page 22, replace lines 23 through 25 with:

"University of North Dakota - memorial union	$80,000,000
North Dakota state university - university village phase II	37,600,000
Dakota college at Bottineau - dining facility	2,500,000
Total special funds	$120,100,000"

Page 23, line 3, remove "and $8,648,555 from a one percent per year increase in tuition"

Page 23, replace lines 5 through 18 with:

"	Bank of North Dakota
Bismarck state college	$425,693
Lake Region state college	177,375
Williston state college	137,947
University of North Dakota	4,361,801
North Dakota state university	2,899,596
North Dakota state college of science	500,695
Dickinson state university	268,862
Mayville state university	240,029
Minot state university	572,801
Valley City state university	309,137
Dakota college at Bottineau	106,064
Total	$10,000,000"

Page 23, line 20, remove "and for each one dollar generated from the"

Page 23, line 21, remove "one percent per year increase in tuition"

Page 23, line 26, replace "$5,000,000" with "$7,000,000"

Page 23, line 30, replace "$5,000,000" with "$7,000,000"

Page 24, line 1, replace "$4,000,000" with "$2,000,000"

Page 24, line 22, replace "Subject" with "After the institution has matched seventy-five percent of the funding appropriated from the general fund for institution extraordinary repairs pursuant to section 25 of this Act and subject"

Page 24, line 26, remove "Lake Region state college is authorized to use up to $3,000,000 from its"

Page 24, line 27, replace "capital building fund line item for the precision agriculture center project." with "the following projects are authorized to use funding from the corresponding institution's capital building fund line item:

Lake Region state college - precision agriculture center	$3,000,000
North Dakota state college of science - Hektner Student Center	6,708,000
Minot state university - dome wellness emergency generators	1,130,335
Valley City state university - life safety projects	2,529,323
Dakota college at Bottineau - Nelson Science Center	1,177,758
Total	$14,545,416"

Page 24, after line 31, insert:

"**SECTION 32. TRANSFER - BANK OF NORTH DAKOTA PROFITS - CAMPUS NETWORK UPGRADES.** The industrial commission shall transfer to the university of North Dakota a total of $1,500,000, or so much of the sum as may be necessary, and to North Dakota state university a total of $1,500,000, or so much of the sum as may be necessary, from the current earnings and accumulated undivided profits of the Bank of North Dakota during the biennium beginning July 1, 2019, and ending June 30, 2021, as requested by the commissioner of higher education. The estimated income line items in subdivisions 5 and 6 of section 1 include $1,500,000 each for the university of North Dakota and North Dakota state university for campus network upgrades."

Page 25, line 5, replace "three" with "four"

Page 25, line 14, replace "three" with "four"

Page 26, line 1, after "6." insert: "This section does not apply to differentiated tuition rates charged for higher cost programs.

7."

Page 26, replace lines 7 through 18 with:

"**SECTION 34. LEGISLATIVE MANAGEMENT STUDY.** During the 2019-20 interim, the legislative management shall consider studying North Dakota university system competitive research programs, including the established program to stimulate competitive research. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-seventh legislative assembly.

SECTION 35. APPLICATION. Section 12 of this Act applies to individuals initially entering a professional student exchange program in veterinary medicine, dentistry, or optometry after June 30, 2020."

Page 26, line 19, replace "14, 16, 18, 19, 20, 21, and 22" with "3, 4, 5, 21, 23, 25, 26, 27, 28, 29, 30, and 31"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1003 - Summary of Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
University System Office						
Total all funds	$128,051,636	$137,139,110	$7,840,193	$144,979,303	$148,079,303	($3,100,000)
Less estimated income	26,412,106	28,962,716	2,039,490	31,002,206	29,002,206	2,000,000
General fund	$101,639,530	$108,176,394	$5,800,703	$113,977,097	$119,077,097	($5,100,000)
FTE	149.40	148.90	0.00	148.90	148.90	0.00
Bismarck State College						
Total all funds	$103,592,595	$100,824,502	$693,127	$101,517,629	$101,495,222	$22,407
Less estimated income	72,991,998	69,929,126	520,276	70,449,402	70,449,402	0
General fund	$30,600,597	$30,895,376	$172,851	$31,068,227	$31,045,820	$22,407
FTE	358.35	323.93	0.00	323.93	323.93	0.00
Lake Region State College						
Total all funds	$36,811,715	$41,390,022	($113,478)	$41,276,544	$41,267,208	$9,336
Less estimated income	24,111,092	28,516,764	(185,500)	28,331,264	28,331,264	0
General fund	$12,700,623	$12,873,258	$72,022	$12,945,280	$12,935,944	$9,336
FTE	129.61	118.10	0.00	118.10	118.10	0.00
Williston State College						
Total all funds	$28,216,101	$29,729,665	$4,404,257	$34,133,922	$35,132,709	($998,787)
Less estimated income	19,855,598	19,717,935	4,348,244	24,066,179	24,066,179	0
General fund	$8,360,503	$10,011,730	$56,013	$10,067,743	$11,066,530	($998,787)
FTE	100.75	100.48	0.00	100.48	100.48	0.00
University of North Dakota						
Total all funds	$868,966,540	$1,019,612,441	$30,076,707	$1,049,689,148	$1,045,109,300	$4,579,848
Less estimated income	728,870,450	872,789,252	26,620,027	899,409,279	895,409,279	4,000,000
General fund	$140,096,090	$146,823,189	$3,456,680	$150,279,869	$149,700,021	$579,848
FTE	2,218.07	2,132.17	0.00	2,132.17	2,132.17	0.00
UND Medical Center						
Total all funds	$205,926,712	$221,782,733	$190,067	$221,972,800	$221,972,800	$0
Less estimated income	154,078,620	158,846,944	190,067	159,037,011	159,037,011	0
General fund	$51,848,092	$62,935,789	$0	$62,935,789	$62,935,789	$0
FTE	435.75	485.32	0.00	485.32	485.32	0.00
North Dakota State University						
Total all funds	$740,472,371	$841,887,616	($3,213,749)	$838,673,867	$839,673,867	($1,000,000)
Less estimated income	611,881,329	709,543,285	(3,584,401)	705,958,884	706,958,884	(1,000,000)
General fund	$128,591,042	$132,344,331	$370,652	$132,714,983	$132,714,983	$0
FTE	1,895.66	1,870.16	0.00	1,870.16	1,870.16	0.00
State College of Science						
Total all funds	$92,694,989	$97,843,036	($103,856)	$97,739,180	$127,712,826	($29,973,646)
Less estimated income	57,605,613	61,504,318	(307,160)	61,197,158	91,197,158	(30,000,000)
General fund	$35,089,376	$36,338,718	$203,304	$36,542,022	$36,515,668	$26,354
FTE	345.04	310.73	0.00	310.73	310.73	0.00
Dickinson State University						
Total all funds	$47,544,670	$49,955,579	($247,783)	$49,707,796	$50,257,796	($550,000)
Less estimated income	29,737,827	31,413,599	(298,866)	31,114,733	31,114,733	0
General fund	$17,806,843	$18,541,980	$51,083	$18,593,063	$19,143,063	($550,000)
FTE	168.90	213.26	0.00	213.26	213.26	0.00
Mayville State University						
Total all funds	$44,556,753	$48,544,353	$14,252	$48,558,605	$48,558,605	$0
Less estimated income	30,307,148	32,213,980	(75,991)	32,137,989	32,137,989	0
General fund	$14,249,605	$16,330,373	$90,243	$16,420,616	$16,420,616	$0
FTE	210.53	209.27	0.00	209.27	209.27	0.00

Minot State University						
Total all funds	$101,809,895	$104,947,947	($377,652)	$104,570,295	$104,570,295	$0
Less estimated income	62,058,916	65,266,608	(593,006)	64,673,602	64,673,602	0
General fund	$39,750,979	$39,681,339	$215,354	$39,896,693	$39,896,693	$0
FTE	441.65	407.58	0.00	407.58	407.58	0.00
Valley City State University						
Total all funds	$48,900,159	$47,919,475	$1,331,550	$49,251,025	$49,251,025	$0
Less estimated income	28,470,657	26,887,399	(295,307)	26,592,092	26,592,092	0
General fund	$20,429,502	$21,032,076	$1,626,857	$22,658,933	$22,658,933	$0
FTE	202.75	180.68	0.00	180.68	180.68	0.00
Dakota College at Bottineau						
Total all funds	$17,282,118	$18,451,501	$5,815,240	$24,266,741	$24,261,158	$5,583
Less estimated income	9,629,173	10,753,741	5,772,174	16,525,915	16,525,915	0
General fund	$7,652,945	$7,697,760	$43,066	$7,740,826	$7,735,243	$5,583
FTE	84.30	82.29	0.00	82.29	82.29	0.00
Forest Service						
Total all funds	$15,077,175	$15,307,224	$34,840	$15,342,064	$15,342,064	$0
Less estimated income	10,650,748	10,665,400	0	10,665,400	10,665,400	0
General fund	$4,426,427	$4,641,824	$34,840	$4,676,664	$4,676,664	$0
FTE	27.00	27.00	0.00	27.00	27.00	0.00
Bill total						
Total all funds	$2,479,903,429	$2,775,335,204	$46,343,715	$2,821,678,919	$2,852,684,178	($31,005,259)
Less estimated income	1,866,661,275	2,127,011,067	34,150,047	2,161,161,114	2,186,161,114	(25,000,000)
General fund	$613,242,154	$648,324,137	$12,193,668	$660,517,805	$666,523,064	($6,005,259)
FTE	6,767.76	6,609.87	0.00	6,609.87	6,609.87	0.00

House Bill No. 1003 - North Dakota University System - General Fund Summary

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
University System Office	$101,639,530	$108,176,394	$5,800,703	$113,977,097	$119,077,097	($5,100,000)
Bismarck State College	30,600,597	30,895,376	172,851	31,068,227	31,045,820	22,407
Lake Region State College	12,700,623	12,873,258	72,022	12,945,280	12,935,944	9,336
Williston State College	8,360,503	10,011,730	56,013	10,067,743	11,066,530	(998,787)
University of North Dakota	140,096,090	146,823,189	3,456,680	150,279,869	149,700,021	579,848
UND Medical Center	51,848,092	62,935,789		62,935,789	62,935,789	
North Dakota State University	128,591,042	132,344,331	370,652	132,714,983	132,714,983	
State College of Science	35,089,376	36,338,718	203,304	36,542,022	36,515,668	26,354
Dickinson State University	17,806,843	18,541,980	51,083	18,593,063	19,143,063	(550,000)
Mayville State University	14,249,605	16,330,373	90,243	16,420,616	16,420,616	
Minot State University	39,750,979	39,681,339	215,354	39,896,693	39,896,693	
Valley City State University	20,429,502	21,032,076	1,626,857	22,658,933	22,658,933	
Dakota College at Bottineau	7,652,945	7,697,760	43,066	7,740,826	7,735,243	5,583
Forest Service	4,426,427	4,641,824	34,840	4,676,664	4,676,664	
Total general fund	$613,242,154	$648,324,137	$12,193,668	$660,517,805	$666,523,064	($6,005,259)

Detail of Conference Committee Changes to the General Fund

	Adjusts Funding for University System Office[1]	Provides Funding Formula Adjustments[2]	Adjusts Special Funds[3]	Adds One-Time Funding for Campus Network Upgrades[4]	Adjusts One-Time Funding for Theodore Roosevelt Digitization[5]	Adds Funding for Capital Projects[6]
University System Office	$5,800,703					
Bismarck State College		$172,851				
Lake Region State College		72,022				
Williston State College		56,013				
University of North Dakota		3,456,680				
UND Medical Center						
North Dakota State University		370,652				
State College of Science		203,304				
Dickinson State University		101,083			($50,000)	
Mayville State University		90,243				
Minot State University		215,354				
Valley City State University		1,626,857				
Dakota College at Bottineau		43,066				
Forest Service						
Total general fund	$5,800,703	$6,408,125	$0	$0	($50,000)	$0

	Adjusts Funding for Capital Building Funds[7]	Adjusts Forest Service Funding[8]	Total General Fund Changes
University System Office			$5,800,703
Bismarck State College			172,851
Lake Region State College			72,022
Williston State College			56,013
University of North Dakota			3,456,680
UND Medical Center			
North Dakota State University			370,652
State College of Science			203,304
Dickinson State University			51,083
Mayville State University			90,243
Minot State University			215,354
Valley City State University			1,626,857
Dakota College at Bottineau			43,066
Forest Service		$34,840	34,840
Total general fund	$0	$34,840	$12,193,668

House Bill No. 1003 - North Dakota University System - Other Funds Summary

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
University System Office	$26,412,106	$28,962,716	$2,039,490	$31,002,206	$29,002,206	$2,000,000
Bismarck State College	72,991,998	69,929,126	520,276	70,449,402	70,449,402	
Lake Region State College	24,111,092	28,516,764	(185,500)	28,331,264	28,331,264	
Williston State College	19,855,598	19,717,935	4,348,244	24,066,179	24,066,179	
University of North Dakota	728,870,450	872,789,252	26,620,027	899,409,279	895,409,279	4,000,000
UND Medical Center	154,078,620	158,846,944	190,067	159,037,011	159,037,011	
North Dakota State University	611,881,329	709,543,285	(3,584,401)	705,958,884	706,958,884	(1,000,000)
State College of Science	57,605,613	61,504,318	(307,160)	61,197,158	91,197,158	(30,000,000)
Dickinson State University	29,737,827	31,413,599	(298,866)	31,114,733	31,114,733	
Mayville State University	30,307,148	32,213,980	(75,991)	32,137,989	32,137,989	
Minot State University	62,058,916	65,266,608	(593,006)	64,673,602	64,673,602	
Valley City State University	28,470,657	26,887,399	(295,307)	26,592,092	26,592,092	
Dakota College at Bottineau	9,629,173	10,753,741	5,772,174	16,525,915	16,525,915	
Forest Service	10,650,748	10,665,400		10,665,400	10,665,400	
Total other funds	$1,866,661,275	$2,127,011,067	$34,150,047	$2,161,161,114	$2,186,161,114	($25,000,000)

Detail of Conference Committee Changes to Other Funds

	Adjusts Funding for University System Office[1]	Provides Funding Formula Adjustments[2]	Adjusts Special Funds[3]	Adds One-Time Funding for Campus Network Upgrades[4]	Adjusts One-Time Funding for Theodore Roosevelt Digitization[5]	Adds Funding for Capital Projects[6]
University System Office	$2,039,490					
Bismarck State College			$1,347,972			
Lake Region State College			88,026			
Williston State College			4,508,162			
University of North Dakota			1,789,883	$1,500,000		$30,000,000
UND Medical Center			190,067			
North Dakota State University			1,518,219	1,500,000		
State College of Science			229,432			
Dickinson State University			121,052			
Mayville State University			277,783			
Minot State University			304,220			
Valley City State University			115,105			
Dakota College at Bottineau			3,417,746			2,500,000
Forest Service						
Total other funds	$2,039,490	$0	$13,907,667	$3,000,000	$0	$32,500,000

	Adjusts Funding for Capital Building Funds[7]	Adjusts Forest Service Funding[8]	Total Other Funds Changes
University System Office			$2,039,490
Bismarck State College	($827,696)		520,276
Lake Region State College	(273,526)		(185,500)
Williston State College	(159,918)		4,348,244
University of North Dakota	(6,669,856)		26,620,027
UND Medical Center			190,067
North Dakota State University	(6,602,620)		(3,584,401)
State College of Science	(536,592)		(307,160)
Dickinson State University	(419,918)		(298,866)
Mayville State University	(353,774)		(75,991)
Minot State University	(897,226)		(593,006)
Valley City State University	(410,412)		(295,307)
Dakota College at Bottineau	(145,572)		5,772,174
Forest Service			
Total other funds	($17,297,110)	$0	$34,150,047

House Bill No. 1003 - North Dakota University System - All Funds Summary

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
University System Office	$128,051,636	$137,139,110	$7,840,193	$144,979,303	$148,079,303	($3,100,000)
Bismarck State College	103,592,595	100,824,502	693,127	101,517,629	101,495,222	22,407
Lake Region State College	36,811,715	41,390,022	(113,478)	41,276,544	41,267,208	9,336
Williston State College	28,216,101	29,729,665	4,404,257	34,133,922	35,132,709	(998,787)
University of North Dakota	868,966,540	1,019,612,441	30,076,707	1,049,689,148	1,045,109,300	4,579,848
UND Medical Center	205,926,712	221,782,733	190,067	221,972,800	221,972,800	
North Dakota State University	740,472,371	841,887,616	(3,213,749)	838,673,867	839,673,867	(1,000,000)
State College of Science	92,694,989	97,843,036	(103,856)	97,739,180	127,712,826	(29,973,646)
Dickinson State University	47,544,670	49,955,579	(247,783)	49,707,796	50,257,796	(550,000)
Mayville State University	44,556,753	48,544,353	14,252	48,558,605	48,558,605	
Minot State University	101,809,895	104,947,947	(377,652)	104,570,295	104,570,295	
Valley City State University	48,900,159	47,919,475	1,331,550	49,251,025	49,251,025	
Dakota College at Bottineau	17,282,118	18,451,501	5,815,240	24,266,741	24,261,158	5,583
Forest Service	15,077,175	15,307,224	34,840	15,342,064	15,342,064	
Total all funds	$2,479,903,429	$2,775,335,204	$46,343,715	$2,821,678,919	$2,852,684,178	($31,005,259)
FTE	6,767.76	6,609.87	0.00	6,609.87	6,609.87	0.00

Detail of Conference Committee Changes to All Funds

	Adjusts Funding for University System Office[1]	Provides Funding Formula Adjustments[2]	Adjusts Special Funds[3]	Adds One-Time Funding for Campus Network Upgrades[4]	Adjusts One-Time Funding for Theodore Roosevelt Digitization[5]	Adds Funding for Capital Projects[6]
University System Office	$7,840,193					
Bismarck State College		$172,851	$1,347,972			
Lake Region State College		72,022	88,026			
Williston State College		56,013	4,508,162			
University of North Dakota		3,456,680	1,789,883	$1,500,000		$30,000,000
UND Medical Center			190,067			
North Dakota State University		370,652	1,518,219	1,500,000		
State College of Science		203,304	229,432			
Dickinson State University		101,083	121,052		($50,000)	
Mayville State University		90,243	277,783			
Minot State University		215,354	304,220			
Valley City State University		1,626,857	115,105			
Dakota College at Bottineau		43,066	3,417,746			2,500,000
Forest Service						
Total all funds	$7,840,193	$6,408,125	$13,907,667	$3,000,000	($50,000)	$32,500,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adjusts Funding for Capital Building Funds[7]	Adjusts Forest Service Funding[8]	Total All Funds Changes
University System Office			$7,840,193
Bismarck State College	($827,696)		693,127
Lake Region State College	(273,526)		(113,478)
Williston State College	(159,918)		4,404,257
University of North Dakota	(6,669,856)		30,076,707
UND Medical Center			190,067
North Dakota State University	(6,602,620)		(3,213,749)
State College of Science	(536,592)		(103,856)
Dickinson State University	(419,918)		(247,783)
Mayville State University	(353,774)		14,252
Minot State University	(897,226)		(377,652)
Valley City State University	(410,412)		1,331,550
Dakota College at Bottineau	(145,572)		5,815,240
Forest Service		$34,840	34,840
Total all funds	($17,297,110)	$34,840	$46,343,715
FTE	0.00	0.00	0.00

[1] Funding for the North Dakota University System office is adjusted as detailed in the schedules below:

The following schedule details funding adjustments for system governance:

System Governance

	General Fund	Other Funds	Total
Salary adjustment	($1,055)	$589	($466)
Audit fees	250,000	0	250,000
Western Interstate Commission for Higher Education dues	45,000	0	45,000
Total	$293,945	$589	$294,534

The Senate did not provide funding for audit fees, but made the same adjustments to system governance for salaries and Western Interstate Commission for Higher Education dues.

The following schedule details funding adjustments for core technology services:

Core Technology Services

	General Fund	Other Funds	Total
Salary adjustment	$56,758	$38,901	$95,659

The Senate made the same adjustments to core technology services for salaries.

The following schedule details funding included in other line items in the University System office budget that were adjusted by the Conference Committee:

Other Line Items

	General Fund - Other Line Items		
	House Version	Senate Version	Conference Committee Version
Competitive research programs	$6,027,750	$5,685,750	$5,685,750
NASA EPSCoR	0	342,000	342,000
Challenge grants	2,200,000	12,500,000	9,400,000
Education incentive programs	760,000	760,000	510,000
Tribal college grants	500,000	1,000,000	1,000,000
Total	$9,487,750	$20,287,750	$16,937,750

Of the $510,000 appropriated in the education incentive programs line item in the Conference Committee version, $250,000 is for matching grants for the University of North Dakota School of Law and $260,000 is for graduate programs. The Conference Committee removed $500,000 from the general fund for the technology occupations student loan program.

[2] The following adjustments are made to institution general fund appropriations through the higher education funding formula:

	Credit-Hour Completion Adjustment	Salary Adjustment	School of Law Adjustment	Total
Bismarck State College	$0	$172,851	$0	$172,851
Lake Region State College	0	72,022	0	72,022
Williston State College	0	56,013	0	56,013
University of North Dakota (UND)	0	663,298	2,793,382	3,456,680
North Dakota State University	0	370,652	0	370,652
North Dakota State College of Science	0	203,304	0	203,304
Dickinson State University	0	101,083	0	101,083
Mayville State University	0	90,243	0	90,243
Minot State University	0	215,354	0	215,354
Valley City State University	1,443,717	183,140	0	1,626,857
Dakota College at Bottineau	0	43,066	0	43,066
Total	$1,443,717	$2,171,026	$2,793,382	$6,408,125

The Senate also provided for the credit-hour completion adjustment at Valley City State University and provided $2,234,682 for the UND School of Law adjustment. A cost of living adjustment added by the Senate was not included by the Conference Committee version.

[3] The following adjustments are made to institution other funds appropriations, the same as the Senate version:

	Salary Adjustment	Updated Other Funds Estimate	Total
Bismarck State College	$258,585	$1,089,387	$1,347,972
Lake Region State College	88,026	0	88,026
Williston State College	65,468	4,442,694	4,508,162
UND	1,789,883	0	1,789,883
UND School of Medicine	190,067	0	190,067
North Dakota State University	1,518,219	0	1,518,219
North Dakota State College of Science	229,432	0	229,432
Dickinson State University	121,052	0	121,052
Mayville State University	277,783	0	277,783
Minot State University	304,220	0	304,220
Valley City State University	115,105	0	115,105
Dakota College at Bottineau	59,159	3,358,587	3,417,746
Total	$5,016,999	$8,890,668	$13,907,667

[4] One-time funding of $3 million is added from Bank of North Dakota profits, including $1.5 million each for UND and North Dakota State University, for campus network upgrades. The Senate appropriated $5 million from Bank of North Dakota profits to provide $2.5 million each for UND and North Dakota State University for the research digital initiative.

[5] One-time funding from the general fund is reduced by $50,000 to provide a total 2019-21 biennium appropriation of $200,000 from the general fund for the digitization of documents at

the Theodore Roosevelt Center. The Conference Committee also provided a 2017-19 biennium appropriation of $550,000 from the general fund, to provide total funding of $750,000 for the digitization of documents at the Theodore Roosevelt Center. The Senate provided $750,000 and the House provided $250,000 from the general fund for the digitization of documents at the Theodore Roosevelt Center.

[6] One-time funding is added for the following capital building projects:

	Other Funds
UND deferred maintenance and parking (appropriation bonds)	$30,000,000
Dakota College at Bottineau dining facility (revenue bonds)	2,500,000
Total	$32,500,000

[7] The 1 percent tuition increase component of the Tier II capital building fund program is removed as follows, the same as the Senate version:

	1 Percent Tuition Increase	Institution Match	Total
Bismarck State College	($413,848)	($413,848)	($827,696)
Lake Region State College	(136,763)	(136,763)	(273,526)
Williston State College	(79,959)	(79,959)	(159,918)
UND	(3,334,928)	(3,334,928)	(6,669,856)
North Dakota State University	(3,301,310)	(3,301,310)	(6,602,620)
North Dakota State College of Science	(268,296)	(268,296)	(536,592)
Dickinson State University	(209,959)	(209,959)	(419,918)
Mayville State University	(176,887)	(176,887)	(353,774)
Minot State University	(448,613)	(448,613)	(897,226)
Valley City State University	(205,206)	(205,206)	(410,412)
Dakota College at Bottineau	(72,786)	(72,786)	(145,572)
Total	($8,648,555)	($8,648,555)	($17,297,110)

[8] Funding for the Forest Service is adjusted to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of $120 and a maximum monthly increase of $200, and 2.5 percent on July 1, 2020, the same as the Senate version. The House provided funding for a 2 percent salary increase on July 1, 2019, and a 2 percent salary increase on July 1, 2020.

House Bill No. 1003 - Other Changes - Conference Committee Action

This amendment also:

- Adds a 2017-19 biennium appropriation of $491,850 from the general fund for Williston State College due to a funding formula error, the same as the Senate version.
- Does not add a 2017-19 biennium appropriation of $250,000 from the general fund for a UND School of Law challenge grant program added by the Senate. The Conference Committee provided a 2019-21 biennium appropriation of $250,000 from the general fund for the program.
- Adds a 2017-19 biennium appropriation of $550,000 from the general fund for the digitization of documents at the Theodore Roosevelt Center at Dickinson State University, to provide total funding of $750,000 for the project. The Senate included a 2019-21 biennium appropriation of $750,000 from the general fund for the project.
- Adds a 2017-19 biennium appropriation of $2.7 million from the general fund for campus workforce initiative projects. The Senate provided a 2017-19 biennium appropriation of $3 million from the general fund for campus workforce initiative projects.
- Removes three sections added by the House relating to facility space and maintenance reserves, the same as the Senate version.
- Amends North Dakota Century Code Section 15-10-12.1 to allow Budget Section approval of building projects that, net of removed buildings, do not result in

additional square footage on campus.

- Creates a new section to Chapter 15-10 to provide repayment provisions for the professional student exchange program.
- Creates a new section to Chapter 15-10 relating to Ray Richards golf course and the UND men's varsity golf program.
- Names the Lake Region State College precision agriculture center the Curtis and Annette Hofstad Agricultural Center.
- Repeals Section 15-10-37, relating to the technology occupations student loan program.
- Provides for the sale of certain properties owned by UND, the same as the Senate version.
- Provides appropriation bond authority for UND deferred maintenance and parking projects. The Senate provided appropriation bond authority for only the deferred maintenance projects
- Provides revenue bond authority for the Dakota College at Bottineau dining facility project. The Senate had also included revenue bond authority for UND parking projects.
- Does not make the Senate adjustment to reduce the matching requirement for Tier III capital building fund money to provide for a dollar-to-dollar match. The match is 2 to 1, the same as the House version.
- Provides authority to use capital building fund money for additional capital projects, the same as the Senate version.
- Provides Tier II and Tier III capital building fund money may not be used until an institution has matched 75 percent of its extraordinary repairs funding appropriated from the general fund.
- Adjusts the tuition rate increase limitation for certain resident undergraduate tuition rate increases to 4 percent per year, the same as the Senate version.
- Provides for a Legislative Management study of EPSCoR.

Engrossed HB 1003 was placed on the Seventh order of business on the calendar.

2019 TESTIMONY

HB 1003

Department 215 - North Dakota University System Office
House Bill No. 1003

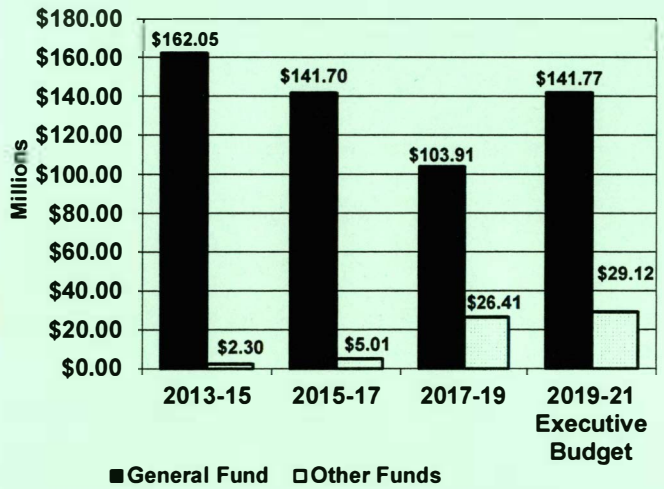
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	148.90	$141,769,613	$29,124,339	$170,893,952
2017-19 Legislative Appropriations	149.40	103,909,530	26,412,106	130,321,636
Increase (Decrease)	(0.50)	$37,860,083	$2,712,233	$40,572,316

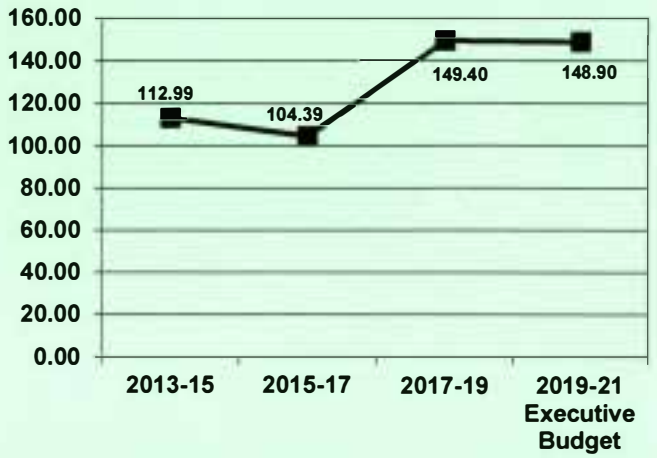
Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	$101,769,613	$40,000,000	$141,769,613
2017-19 Legislative Appropriations	101,639,530	2,270,000	103,909,530
Increase (Decrease)	$130,083	$37,730,000	$37,860,083

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	$141,769,613	$29,124,339	$170,893,952
2019-21 Base Level	101,639,530	26,412,106	128,051,636
Increase (Decrease)	$40,130,083	$2,712,233	$42,842,316

Attached as an appendix is a detailed comparison of the executive budget to the agency's base level appropriations.

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Provides funding for employee salary and benefit increases, of which $1,417,672 is for salary increases, $532,849 is for health insurance increases, and $45,568 is for retirement contribution increases	$1,345,764	$650,325	$1,996,089
2. Reduces funding for operations by 5 percent	($2,311,733)	$0	($2,311,733)
3. Increases funding for academic and career and technical education scholarships, to provide a total of $14,956,552	$2,939,803	$0	$2,939,803
4. Replaces ongoing funding from the student loan trust fund for the professional student exchange program, tribal college grants, and ConnectND campus solution positions	$1,504,744	($1,504,744)	$0
5. Increases funding for tribal college grants to provide a total of $1 million from the general fund	$400,000	$0	$400,000
6. Removes funding for the dual credit instructor assistance program	$0	($200,000)	($200,000)
7. Removes federal funding for Title II	$0	($1,006,472)	($1,006,472)

8. Transfers administration of the teacher shortage loan forgiveness program to the Department of Public Instruction	($2,103,393)	$0	($2,103,393)
9. Reduces funding for capital bond payments	($1,645,878)	$0	($1,645,878)
10. Adds **one-time funding** for higher education challenge matching grants	$40,000,000	$0	$40,000,000
11. Adds **one-time funding** from the strategic investment and improvements fund for online curriculum development grants	$0	$5,000,000	$5,000,000

Other Sections Recommended to be Added in the Executive Budget (As Detailed in the Attached Appendix)

Strategic investment and improvements fund - Section 3 would provide that funding for the online curriculum development grants ($5,000,000) is from the strategic investment and improvements fund.

Higher education challenge grants - Sections 4 and 5 would adjust the higher education challenge grant program statutory language and provide for the distribution of $40 million of grant funds to eligible institutions.

Higher education funding formula - Sections 6, 7, and 8 would adjust the higher education funding formula established in North Dakota Century Code Chapter 15-18.2, including adjusting the credit weighting for medical school credits, adjusting the base credit-hour funding rates, and extending the sunset clause on the hold harmless provision in the formula through June 30, 2019.

Carryover authority - Section 9 would continue the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.

Additional funds appropriation authority - Section 10 would appropriate any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 11 would require capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

Statewide memberships - Section 12 would identify the amount of funding included in the University System office budget for statewide membership dues.

University of North Dakota School of Medicine and Health Sciences funding - Section 13 would provide that a portion of the operations funding appropriated to the University of North Dakota (UND) may be transferred to the UND School of Medicine and Health Sciences based on the recommendation of the Commissioner of Higher Education.

Transfer authority - Section 14 would provide that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital projects or extraordinary repairs.

FTE positions - Section 15 would authorize the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Bond issue authorization - Section 16 would authorize the State Board of Higher Education to arrange for $120,100,000 of revenue bonds for a new dining facility at Dakota College at Bottineau ($2,500,000), the Memorial Union project at UND ($80,000,000), and University Village Phase 2 at North Dakota State University ($37,600,000). Section 20 would provide that this section is an emergency measure.

Challenge grants carryover authority - Section 17 would authorize the State Board of Higher Education to continue unexpended 2013-15 biennium appropriations for the higher education challenge grant program into the 2019-21 biennium.

Challenge grants matching funds - Section 18 would authorize institution foundations to use any funds raised beginning January 1, 2019, and ending June 30, 2021, as matching funds for the 2019-21 biennium.

Extraordinary repairs matching funds - Section 19 would require institutions to match state extraordinary repairs funding on a $2 to $1 basis using operations or other funding.

Additional Funds Appropriation Authority

Additional special funds received - Section 10 of the attached appendix would appropriate any additional federal, private, and other local funds received by entities under the control of the State Board of Higher Education, including tuition revenue, to the respective entities during the 2019-21 biennium.

Significant Audit Findings

The State Auditor's office conducted a performance audit followup of the University System office. The State Auditor's office reported in June 2017:

- The University System office has fully implemented 5 of the 11 recommendations presented in the original performance audit report;
- Three recommendations were considered partially implemented; and

- Three recommendations were considered not implemented, including recommendations relating to:
  The University System's internal audit function;
  The Indian Scholarship program; and
  Records management.

Major Related Legislation

House Bill No. 1013 - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions. The following is a comparison of distributions from permanent funds during the 2017-19 biennium and the 2019-21 executive budget recommendation:

Institution	2017-19 Distribution	2019-21 Distribution	Increase (Decrease)
North Dakota State University	$4,738,000	$5,916,000	$1,178,000
University of North Dakota	3,662,000	4,504,000	842,000
North Dakota State College of Science	1,446,286	1,736,000	289,714
Valley City State University	808,000	1,034,000	226,000
Mayville State University	542,000	668,000	126,000
Dakota College at Bottineau	186,286	242,000	55,714
Dickinson State University	186,286	242,000	55,714
Minot State University	186,286	242,000	55,714
Total	$11,755,144	$14,584,000	$2,828,856

House Bill No. 1029 - Provides for a Legislative Management higher education funding formula review committee.

House Bill No. 1030 - Extends the minimum amount payable provision of the higher education funding formula to June 30, 2021.

House Bill No. 1031 - Provides for an increase in student financial assistance grants, including an appropriation of $11,178,395 in addition to the $21,917,306 already included in the University System office base budget.

Senate Bill No. 2039 - Provides for a skilled workforce scholarship program.

Senate Bill No. 2116 - Allows institutions under the control of the State Board of Higher Education to access the infrastructure revolving loan fund for essential infrastructure projects.

University System Office - Budget No. 215
House Bill No. 1003
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Positions	General Fund	Other Funds	Total
2019-21 Biennium Base Level	149.40	$101,639,530	$26,412,106	$128,051,636
2019-21 Ongoing Funding Changes				
Base payroll changes	(0.50)	$776	($226,876)	($226,100)
Salary increase		966,357	451,315	1,417,672
Health insurance increase		349,465	183,384	532,849
Retirement contribution increase		29,942	15,626	45,568
Reduce operations by 5 percent		(2,311,733)		(2,311,733)
Increase funding for academic and career and technical education scholarships		2,939,803		2,939,803
Replace ongoing funding from the student loan trust fund for the professional student exchange program, tribal college grants, and ConnectND campus solution positions		1,504,744	(1,504,744)	0
Increase funding for tribal college grants to provide a total of $1 million from the general fund		400,000		400,000
Remove funding for the dual credit instructor assistance program			(200,000)	(200,000)
Remove funding for Title II			(1,006,472)	(1,006,472)
Transfer the teacher shortage loan forgiveness program to the Department of Public Instruction		(2,103,393)		(2,103,393)
Reduce funding for capital bond payments		(1,645,878)		(1,645,878)
Total ongoing funding changes	(0.50)	$130,083	($2,287,767)	($2,157,684)
One-time funding items				
Add one-time funding for higher education challenge matching grants		$40,000,000		$40,000,000
Add one-time funding for online curriculum development grants			$5,000,000	5,000,000
Total one-time funding changes	0.00	$40,000,000	$5,000,000	$45,000,000
Total Changes to Base Level Funding	(0.50)	$40,130,083	$2,712,233	$42,842,316
2019-21 Total Funding	148.90	$141,769,613	$29,124,339	$170,893,952

Other Sections for University System Office - Budget No. 215

	Executive Budget Recommendation
Strategic investment and improvements fund	Section 3 would provide that funding for the online curriculum development grants ($5,000,000) is from the strategic investment and improvements fund.
Higher education challenge grants	Sections 4 and 5 would adjust the higher education challenge grant program statutory language and provide for the distribution of $40 million of funds to eligible institutions.

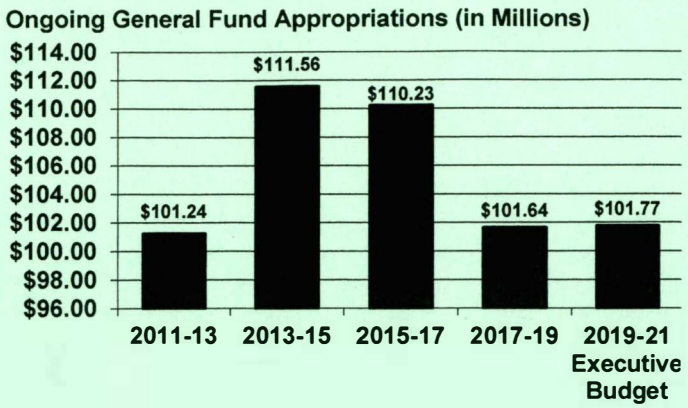
Other Sections for University System Office - Budget No. 215

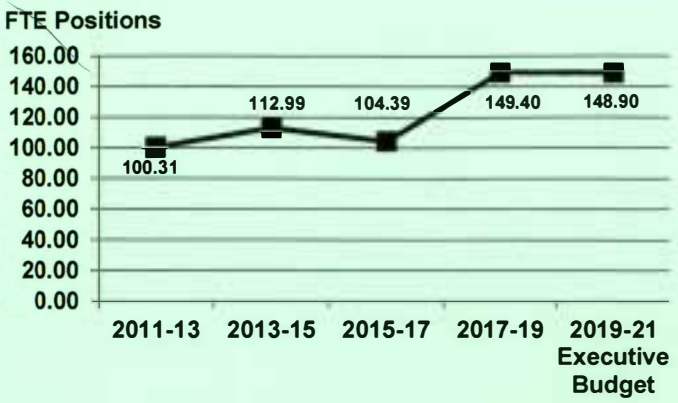
	Executive Budget Recommendation
Higher education funding formula	Sections 6, 7, and 8 would make adjustments to the higher education funding formula established in North Dakota Century Code Chapter 15-18.2, including adjusting the credit weighting for medical school credits, adjusting the base credit-hour funding rates, and extending the sunset clause on the hold harmless provision in the formula through June 30, 2019.
Carryover authority	Section 9 would continue the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.
Additional funds appropriation authority	Section 10 would appropriate any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.
Project management oversight	Section 11 would require capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.
Statewide memberships	Section 12 would identify the amount of funding included in the University System office budget for statewide membership dues.
UND School of Medicine and Health Sciences funding	Section 13 would provide that a portion of the operations funding appropriated to UND may be transferred to the UND School of Medicine and Health Sciences based on the recommendation of the Commissioner of Higher Education.
Transfer authority	Section 14 would provide that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital projects or extraordinary repairs.
FTE positions	Section 15 would authorize the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.
Bond issue authorization	Section 16 would authorize the State Board of Higher Education to arrange for $120,100,000 of revenue bonds for a new dining facility at Dakota College at Bottineau ($2,500,000), the Memorial Union project at UND ($80,000,000), and University Village Phase 2 at North Dakota State University ($37,600,000). Section 20 would provide that this section as an emergency measure.
Challenge grants carryover authority	Section 17 would authorize the State Board of Higher Education to continue unexpended 2013-15 biennium appropriations for the higher education challenge grant program into the 2019-21 biennium.
Challenge grants matching funds	Section 18 would authorize institution foundations to use any funds raised beginning January 1, 2019, and ending June 30, 2021, as matching funds for the 2019-21 biennium.
Extraordinary repairs matching funds	Section 19 would require institutions to match state extraordinary repairs funding on a $2 to $1 basis using operations or other funding.

Department 215 - University System Office

Historical Appropriations Information

Ongoing General Fund Appropriations Since 2011-13





Ongoing General Fund Appropriations					
	2011-13	2013-15	2015-17	2017-19	2019-21 Executive Budget
Ongoing general fund appropriations	$101,239,245	$111,561,723	$110,229,818	$101,639,530	$101,769,613
Increase (decrease) from previous biennium	N/A	$10,322,478	($1,331,905)	($8,590,288)	$130,083
Percentage increase (decrease) from previous biennium	N/A	10.2%	(1.2%)	(7.8%)	0.1%
Cumulative percentage increase (decrease) from 2011-13 biennium	N/A	10.2%	8.9%	0.4%	0.5%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2013-15 Biennium

1. Added funding for system governance with specific uses to be determined by the State Board of Higher Education	$2,000,000
2. Transferred internal audit and legal positions from system institutions to the University System office	$3,126,066
3. Increased funding for needs-based student financial assistance grants	$2,220,085
4. Increased funding for the professional student exchange program	$953,577

2015-17 Biennium

1. Increased funding for academic and career and technical education scholarships (This item was affected by the August 2016 budget reductions)	$4,054,677
2. Increased funding for student financial assistance grants (This item was affected by the August 2016 budget reductions)	$4,388,597
3. Reduced funding for system governance	($2,000,000)
4. Transferred 7.6 FTE legal positions to the Attorney General	($2,558,140)
5. Transferred 3 internal audit positions to the State Auditor	($771,964)

2017-19 Biennium

1. Underfunded salaries and wages	($578,097)
2. Adjusted funding for Core Technology Services, including the removal of 1 FTE position	($2,604,292)
3. Reduced funding for student financial assistance grants	($1,968,854)
4. Reduced funding for academic and career and technical education scholarships	($1,117,347)
5. Reduced funding for competitive research grants	($560,475)
6. Eliminated funding for 2-year campus marketing	($747,600)

2019-21 Biennium (Executive Budget Recommendation)

1. Reduces operations funding by 5 percent	($2,311,733)

2. Increases funding for academic and career and technical education scholarships to provide a total of $14,956,552	$2,939,803
3. Replaces ongoing funding from the student loan trust fund for the professional student exchange program, tribal college grants, and ConnectND campus solution positions	$1,504,744
4. Increases funding for tribal college grants to provide a total of $1 million from the general fund	$400,000
5. Transfers administration of the teacher shortage loan forgiveness program to the Department of Public Instruction	($2,103,393)
6. Reduces funding for capital bond payments	($1,645,878)

Department 227 - Bismarck State College
House Bill No. 1003

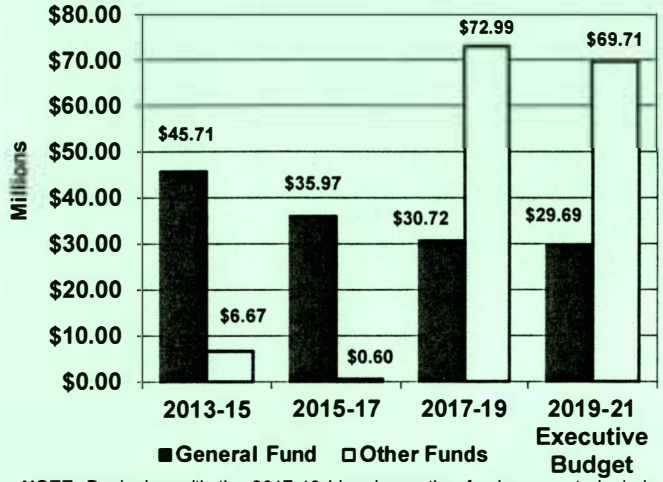
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	323.93	$29,691,827	$69,713,559	$99,405,386
2017-19 Legislative Appropriations	358.35	30,724,971	72,991,998	103,716,969
Increase (Decrease)	(34.42)	($1,033,144)	($3,278,439)	($4,311,583)

Ongoing and One-Time General Fund Appropriations

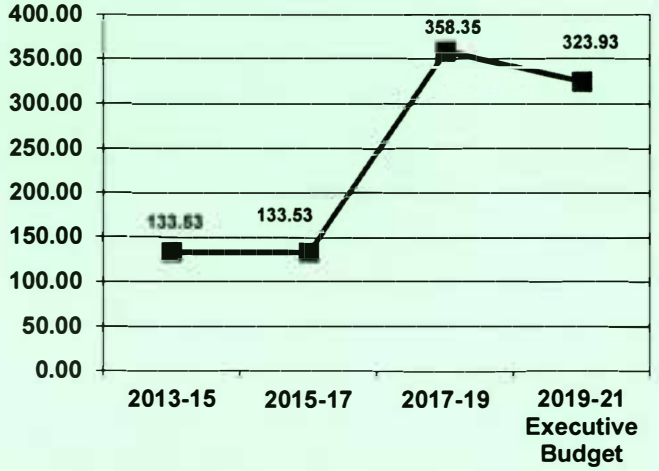
	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	$29,691,827	$0	$29,691,827
2017-19 Legislative Appropriations	30,600,597	124,374	30,724,971
Increase (Decrease)	($908,770)	($124,374)	($1,033,144)

Agency Funding



NOTE: Beginning with the 2017-19 biennium, other funds amounts include the appropriation of certain special funds. See the **Special Funds Appropriations** section below for additional information.

FTE Positions



NOTE: Beginning with the 2017-19 biennium, there was a change in reporting methods for University System FTE positions. See the **FTE Positions** section below for additional information.

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	$29,691,827	$69,713,559	$99,405,386
2019-21 Base Level	30,600,597	72,991,998	103,592,595
Increase (Decrease)	($908,770)	($3,278,439)	($4,187,209)

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Provides funding adjustments through the higher education funding formula as follows:			
• Reduces funding for institution operations	($1,488,913)	$0	($1,488,913)
• Adjusts funding to reflect changes in completed student credit-hours	(822,345)	0	(822,345)
• Adds funding for inflationary increases, including employee compensation and benefit adjustments	1,402,488	0	1,402,488
Total	($908,770)	$0	($908,770)

FTE Positions

The 2019-21 biennium executive budget recommendation includes authorization of all FTE positions for institutions and entities under the control of the State Board of Higher Education, including positions supported by special funds. Prior to the 2017-19 biennium, only FTE positions supported by the general fund were authorized.

Special Funds Appropriations

The 2019-21 biennium executive budget recommendation includes appropriation authority of all special funds received by the University System office and institutions. Prior to the 2017-19 biennium, special funds appropriations for the University System office and institutions were provided only for certain items, such as capital projects.

Other Bill Sections Recommended to be Added in the Executive Budget (As Detailed in the Attached Appendix)

Carryover authority - Section 9 would continue the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.

Additional funds appropriation authority - Section 10 would appropriate any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 11 would require capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

Transfer authority - Section 14 would provide that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital projects or extraordinary repairs.

FTE positions - Section 15 would authorize the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Extraordinary repairs matching funds - Section 19 would require institutions to match state extraordinary repairs funding on a $2 to $1 basis using operations or other funding.

Additional Funds Appropriation Authority

Additional special funds received - Section 10 of the attached appendix would appropriate any additional federal, private, and other local funds received by entities under the control of the State Board of Higher Education, including tuition revenue, to the respective entities during the 2019-21 biennium.

Significant Audit Findings

There were no significant audit findings for this institution.

Major Related Legislation

Senate Bill No. 2116 - Allows institutions under the control of the State Board of Higher Education to access the infrastructure revolving loan fund for essential infrastructure projects.

Department 228 - Lake Region State College
House Bill No. 1003

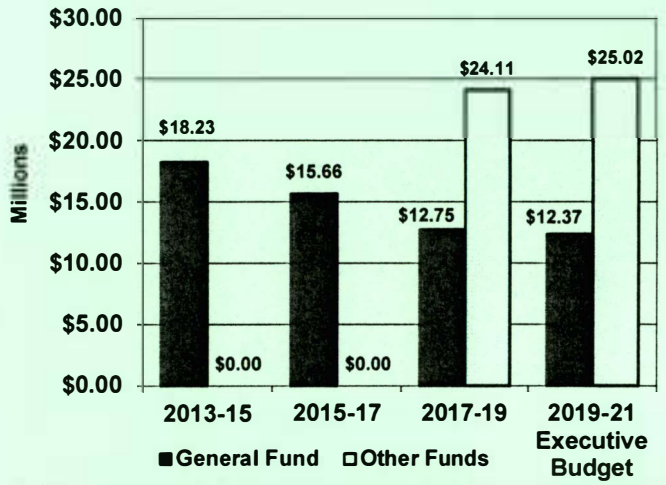
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	118.10	$12,371,772	$25,021,443	$37,393,215
2017-19 Legislative Appropriations	129.61	12,751,580	24,111,092	36,862,672
Increase (Decrease)	(11.51)	($379,808)	$910,351	$530,543

Ongoing and One-Time General Fund Appropriations

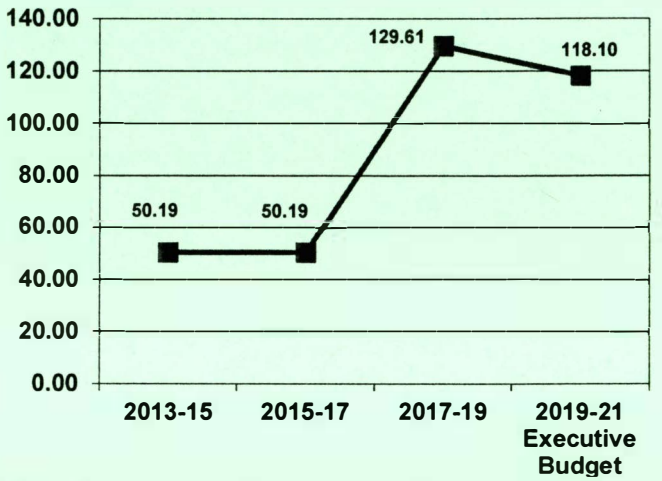
	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	$12,371,772	$0	$12,371,772
2017-19 Legislative Appropriations	12,700,623	50,957	12,751,580
Increase (Decrease)	($328,851)	($50,957)	($379,808)

Agency Funding



NOTE: Beginning with the 2017-19 biennium, other funds amounts include the appropriation of certain special funds. See the **Special Funds Appropriations** section below for additional information.

FTE Positions



NOTE: Beginning with the 2017-19 biennium, there was a change in reporting methods for University System FTE positions. See the **FTE Positions** section below for additional information.

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	$12,371,772	$25,021,443	$37,393,215
2019-21 Base Level	12,700,623	24,111,092	36,811,715
Increase (Decrease)	($328,851)	$910,351	$581,500

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Provides funding adjustments through the higher education funding formula as follows:			
• Reduces funding for institution operations	($620,389)	$0	($620,389)
• Adjusts funding to reflect changes in completed student credit-hours	(292,840)	0	(292,840)
• Adds funding for inflationary increases, including employee compensation and benefit adjustments	584,378	0	584,378
Total	($328,851)	$0	($328,851)

FTE Positions

The 2019-21 biennium executive budget recommendation includes authorization of all FTE positions for institutions and entities under the control of the State Board of Higher Education, including positions supported by special funds. Prior to the 2017-19 biennium, only FTE positions supported by the general fund were authorized.

Special Funds Appropriations

The 2019-21 biennium executive budget recommendation includes appropriation authority of all special funds received by the University System office and institutions. Prior to the 2017-19 biennium, special funds appropriations for the University System office and institutions were provided only for certain items, such as capital projects.

Other Bill Sections Recommended to be Added in the Executive Budget (As Detailed in the Attached Appendix)

Carryover authority - Section 9 would continue the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.

Additional funds appropriation authority - Section 10 would appropriate any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 11 would require capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

Transfer authority - Section 14 would provide that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital projects or extraordinary repairs.

FTE positions - Section 15 would authorize the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Extraordinary repairs matching funds - Section 19 would require institutions to match state extraordinary repairs funding on a $2 to $1 basis using operations or other funding.

Additional Funds Appropriation Authority

Additional special funds received - Section 10 of the attached appendix would appropriate any additional federal, private, and other local funds received by entities under the control of the State Board of Higher Education, including tuition revenue, to the respective entities during the 2019-21 biennium.

Significant Audit Findings

There were no significant audit findings for this institution.

Major Related Legislation

Senate Bill No. 2116 - Allows institutions under the control of the State Board of Higher Education to access the infrastructure revolving loan fund for essential infrastructure projects.

Department 229 - Williston State College
House Bill No. 1003

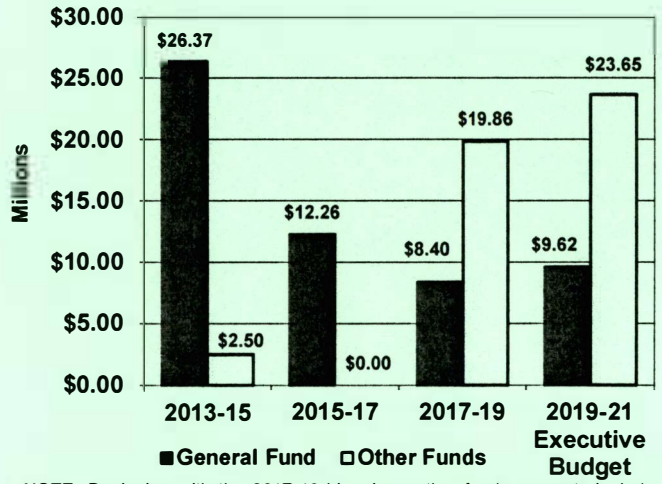
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	100.48	$9,621,716	$23,646,811	$33,268,527
2017-19 Legislative Appropriations	100.75	8,395,347	19,855,598	28,250,945
Increase (Decrease)	(0.27)	$1,226,369	$3,791,213	$5,017,582

Ongoing and One-Time General Fund Appropriations

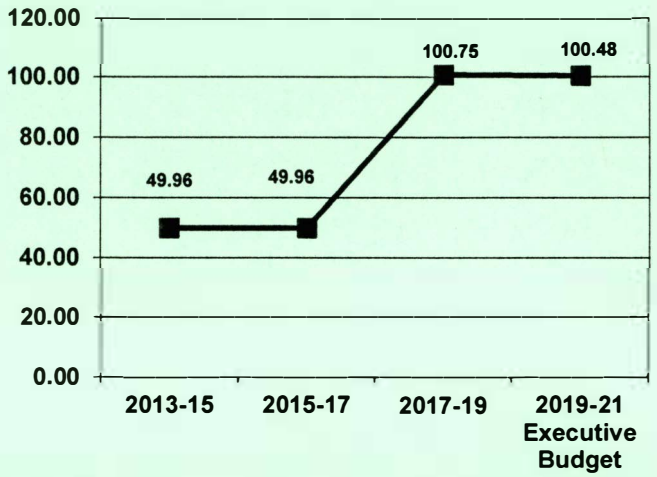
	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	$9,621,716	$0	$9,621,716
2017-19 Legislative Appropriations	8,360,503	34,844	8,395,347
Increase (Decrease)	$1,261,213	($34,844)	$1,226,369

Agency Funding



NOTE: Beginning with the 2017-19 biennium, other funds amounts include the appropriation of certain special funds. See the **Special Funds Appropriations** section below for additional information.

FTE Positions



NOTE: Beginning with the 2017-19 biennium, there was a change in reporting methods for University System FTE positions. See the **FTE Positions** section below for additional information.

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	$9,621,716	$23,646,811	$33,268,527
2019-21 Base Level	8,360,503	19,855,598	28,216,101
Increase (Decrease)	$1,261,213	$3,791,213	$5,052,426

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Provides funding adjustments through the higher education funding formula as follows:			
• Reduces funding for institution operations	($482,486)	$0	($482,486)
• Adjusts funding to reflect changes in completed student credit-hours	1,289,220	0	1,289,220
• Adds funding for inflationary increases, including employee compensation and benefit adjustments	454,479	0	454,479
Total	$1,261,213	$0	$1,261,213

FTE Positions

The 2019-21 biennium executive budget recommendation includes authorization of all FTE positions for institutions and entities under the control of the State Board of Higher Education, including positions supported by special funds. Prior to the 2017-19 biennium, only FTE positions supported by the general fund were authorized.

Special Funds Appropriations

The 2019-21 biennium executive budget recommendation includes appropriation authority of all special funds received by the University System office and institutions. Prior to the 2017-19 biennium, special funds appropriations for the University System office and institutions were provided only for certain items, such as capital projects.

Other Bill Sections Recommended to be Added in the Executive Budget (As Detailed in the Attached Appendix)

Carryover authority - Section 9 would continue the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.

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Transfer authority - Section 14 would provide that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital projects or extraordinary repairs.

FTE positions - Section 15 would authorize the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Extraordinary repairs matching funds - Section 19 would require institutions to match state extraordinary repairs funding on a $2 to $1 basis using operations or other funding.

Additional Funds Appropriation Authority

Additional special funds received - Section 10 of the attached appendix would appropriate any additional federal, private, and other local funds received by entities under the control of the State Board of Higher Education, including tuition revenue, to the respective entities during the 2019-21 biennium.

Significant Audit Findings

The State Auditor's office reported Williston State College:

- Inadequately reconciled student finance and marketplace to the general ledger;
- Did not properly reconcile salaries to contracts entered into PeopleSoft;
- Did not properly approve journal entries;
- Did not properly approve reconciliations of purchase card statements;
- Did not adequately document noncash credit adjustments to student accounts;
- Did not properly procure commodities and services in compliance with North Dakota Century Code, University System procedures, and institution policy;
- Did not have blanket bond coverage;
- Did not have adequate controls relating to equipment inventory; and
- Did not properly document travel and general ledger transactions.

Major Related Legislation

Senate Bill No. 2116 - Allows institutions under the control of the State Board of Higher Education to access the infrastructure revolving loan fund for essential infrastructure projects.

Department 230 - University of North Dakota
House Bill No. 1003

Executive Budget Comparison to Prior Biennium Appropriations

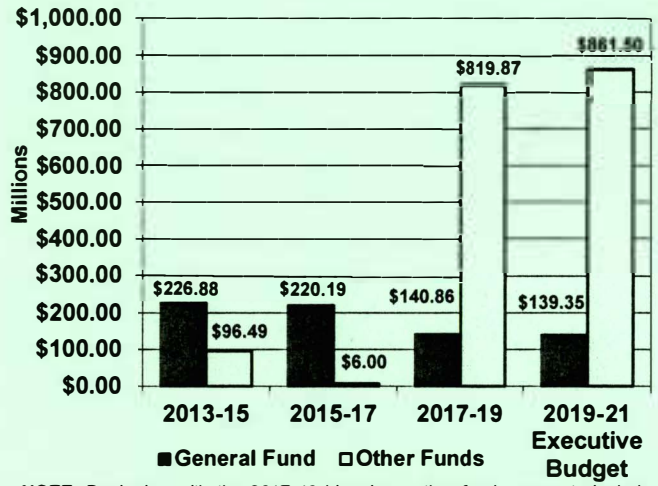
	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	2,132.17	$139,350,537	$861,497,363	$1,000,847,900
2017-19 Legislative Appropriations[1]	2,218.07	140,859,755	819,870,450	960,730,205
Increase (Decrease)	(85.90)	($1,509,218)	$41,626,913	$40,117,695

[1]The 2017-19 biennium agency appropriation amounts have been adjusted to reflect a transfer of operations funding of $5,963,189 from the University of North Dakota (UND) School of Medicine and Health Sciences to UND as provided in Section 22 of Senate Bill No. 2003 (2017).

Ongoing and One-Time General Fund Appropriations

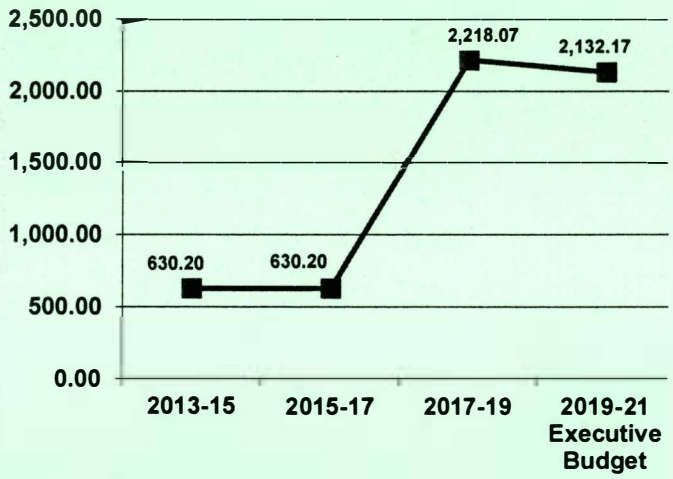
	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	$139,350,537	$0	$139,350,537
2017-19 Legislative Appropriations	140,096,090	763,665	140,859,755
Increase (Decrease)	($745,553)	($763,665)	($1,509,218)

Agency Funding



NOTE: Beginning with the 2017-19 biennium, other funds amounts include the appropriation of certain special funds. See the **Special Funds Appropriations** section below for additional information.

FTE Positions



NOTE: Beginning with the 2017-19 biennium, there was a change in reporting methods for University System FTE positions. See the **FTE Positions** section below for additional information.

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	$139,350,537	$861,497,363	$1,000,847,900
2019-21 Base Level	140,096,090	728,870,450	868,966,540
Increase (Decrease)	($745,553)	$132,626,913	$131,881,360

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Provides funding adjustments through the higher education funding formula as follows:			
• Reduces funding for institution operations	($7,004,508)	$0	($7,004,508)
• Adjusts funding to reflect changes in completed student credit-hours	3,544	0	3,544
• Adds funding for inflationary increases, including employee compensation and benefit adjustments	6,255,411	0	6,255,411
Total	($745,553)	$0	($745,553)

NOTE: The executive budget recommendation may include certain funding formula adjustments for the UND School of Medicine and Health Sciences in the UND budget. Section 13 of the attached appendix would authorize UND to transfer funds to the UND School of Medicine and Health Sciences based on the recommendations of the Commissioner of Higher Education.

2. Adds **one-time funding** from special funds derived from revenue bond proceeds for the Memorial Union project	$0	$80,000,000	$80,000,000
3. Adds **one-time funding** from other funds for the athletics High Performance Center Phase 2 project	$0	$35,000,000	$35,000,000

FTE Positions

The 2019-21 biennium executive budget recommendation includes authorization of all FTE positions for institutions and entities under the control of the State Board of Higher Education, including positions supported by special funds. Prior to the 2017-19 biennium, only FTE positions supported by the general fund were authorized.

Special Funds Appropriations

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Carryover authority - Section 9 would continue the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.

Additional funds appropriation authority - Section 10 would appropriate any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 11 would require capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

University of North Dakota School of Medicine and Health Sciences funding - Section 13 would provide that a portion of the operations funding appropriated to UND may be transferred to the UND School of Medicine and Health Sciences based on the recommendation of the Commissioner of Higher Education.

Transfer authority - Section 14 would provide that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital projects or extraordinary repairs.

FTE positions - Section 15 would authorize the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Bond issue authorization - Section 16 would authorize the State Board of Higher Education to arrange for $120,100,000 of revenue bonds for a new dining facility at Dakota College at Bottineau ($2,500,000), the Memorial Union project at UND ($80,000,000), and University Village Phase 2 at North Dakota State University ($37,600,000). Section 20 would provide this section is an emergency measure.

Extraordinary repairs matching funds - Section 19 would require institutions to match state extraordinary repairs funding on a $2 to $1 basis using operations or other funding.

Additional Funds Appropriation Authority

Additional special funds received - Section 10 of the attached appendix would appropriate any additional federal, private, and other local funds received by entities under the control of the State Board of Higher Education, including tuition revenue, to the respective entities during the 2019-21 biennium.

Significant Audit Findings

The State Auditor's office reported UND:

- Improperly evaluated construction management at-risk bids for the Collaborative Energy Complex project, which could have resulted in incorrectly awarding the guaranteed maximum price contract of $12,592,000; and
- Improperly calculated and recorded flight training charges for Aerospace Foundation contract students.

Major Related Legislation

House Bill No. 1013 - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions. The following is a comparison of distributions from permanent funds during the 2017-19 biennium and the 2019-21 executive budget recommendation:

Institution	2017-19 Distribution	2019-21 Distribution	Increase (Decrease)
North Dakota State University	$4,738,000	$5,916,000	$1,178,000
University of North Dakota	3,662,000	4,504,000	842,000
North Dakota State College of Science	1,446,286	1,736,000	289,714
Valley City State University	808,000	1,034,000	226,000
Mayville State University	542,000	668,000	126,000
Dakota College at Bottineau	186,286	242,000	55,714

Institution	2017-19 Distribution	2019-21 Distribution	Increase (Decrease)
Dickinson State University	186,286	242,000	55,714
Minot State University	186,286	242,000	55,714
Total	$11,755,144	$14,584,000	$2,828,856

Senate Bill No. 2116 - Allows institutions under the control of the State Board of Higher Education to access the infrastructure revolving loan fund for essential infrastructure projects.

Department 232 - University of North Dakota School of Medicine and Health Sciences
House Bill No. 1003

Executive Budget Comparison to Prior Biennium Appropriations

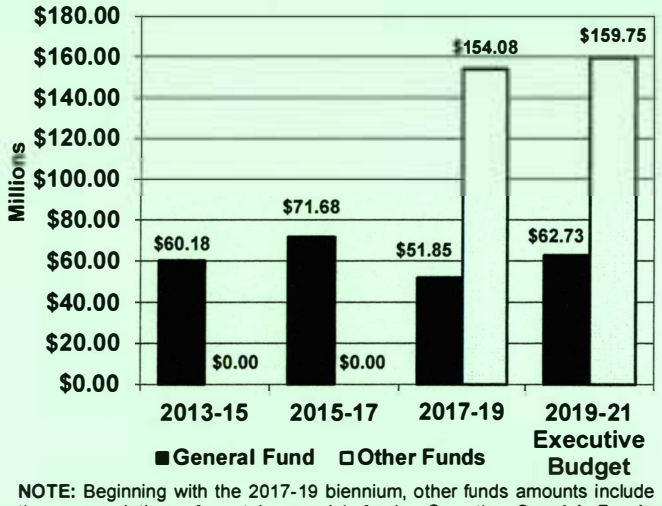
	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	485.32	$62,733,749	$159,750,033	$222,483,782
2017-19 Legislative Appropriations[1]	435.75	51,848,092	154,078,620	205,926,712
Increase (Decrease)	49.57	$10,885,657	$5,671,413	$16,557,070

[1]The 2017-19 biennium agency appropriation amounts have been adjusted to reflect a transfer of operations funding of $5,963,189 from the University of North Dakota (UND) School of Medicine and Health Sciences to UND as provided in Section 22 of Senate Bill No. 2003 (2017).

Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	$62,733,749	$0	$62,733,749
2017-19 Legislative Appropriations	51,848,092	0	51,848,092
Increase (Decrease)	$10,885,657	$0	$10,885,657

Agency Funding



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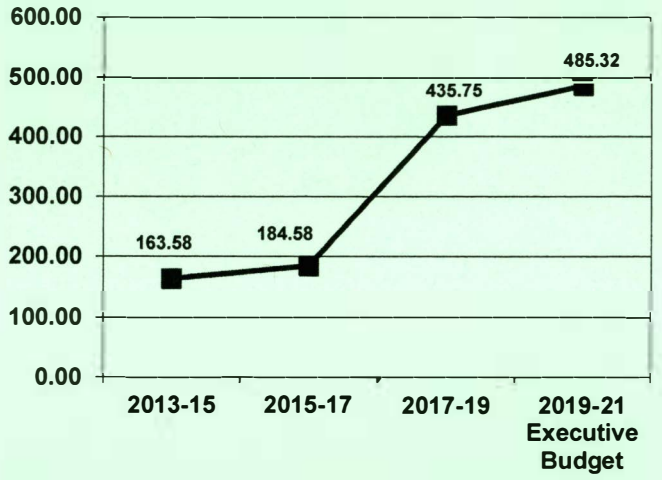
FTE Positions



NOTE: Beginning with the 2017-19 biennium, there was a change in reporting methods for University System FTE positions. See the **FTE Positions** section below for additional information.

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	$62,733,749	$159,750,033	$222,483,782
2019-21 Base Level	51,848,092	154,078,620	205,926,712
Increase (Decrease)	$10,885,657	$5,671,413	$16,557,070

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Provides funding adjustments through the higher education funding formula as follows:			
• Reduces funding for institution operations	($2,612,982)	$0	($2,612,982)
• Adjusts funding to reflect changes in completed student credit-hours, including $6.2 million for residency positions	6,580,445	0	6,580,445
• Adds funding for inflationary increases, including employee compensation and benefit adjustments	2,410,942	0	2,410,942
Total	$6,378,405	$0	$6,378,405

NOTE: The executive budget recommendation may include certain funding formula adjustments for the UND School of Medicine and Health Sciences in the UND budget. Section 13 of the attached appendix authorizes UND to transfer funds to the UND School of Medicine and Health Sciences based on the recommendations of the Commissioner of Higher Education.

2. Adds funding in addition to the amounts provided in the funding formula to continue residency positions added through the health care workforce initiative	$4,507,252	$0	$4,507,252

FTE Positions

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Special Funds Appropriations

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University of North Dakota School of Medicine and Health Sciences funding - Section 13 would provide that a portion of the operations funding appropriated to UND may be transferred to the UND School of Medicine and Health Sciences based on the recommendation of the Commissioner of Higher Education.

Transfer authority - Section 14 would provide that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital projects or extraordinary repairs.

FTE positions - Section 15 would authorize the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Additional Funds Appropriation Authority

Additional special funds received - Section 10 of the attached appendix would appropriate any additional federal, private, and other local funds received by entities under the control of the State Board of Higher Education, including tuition revenue, to the respective entities during the 2019-21 biennium.

Significant Audit Findings

There were no significant audit findings for this institution.

Major Related Legislation

At this time, no major related legislation has been introduced affecting this agency.

Department 235 - North Dakota State University
House Bill No. 1003

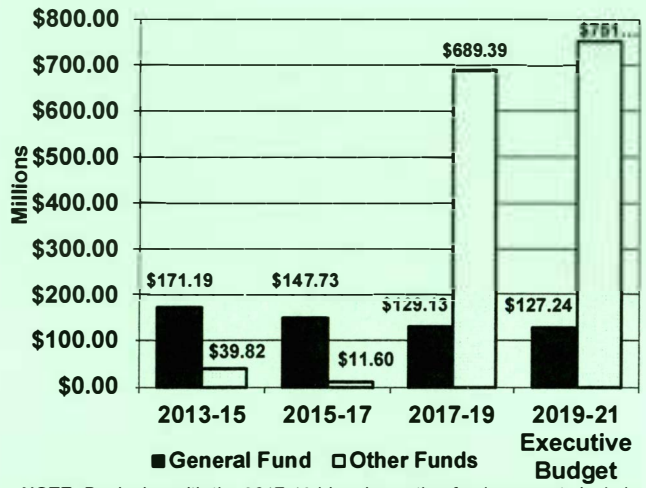
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	1,870.16	$127,242,425	$751,700,739	$878,943,164
2017-19 Legislative Appropriations	1,895.66	129,126,235	689,386,329	818,512,564
Increase (Decrease)	(25.50)	($1,883,810)	$62,314,410	$60,430,600

Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	$127,242,425	$0	$127,242,425
2017-19 Legislative Appropriations	128,591,042	535,193	129,126,235
Increase (Decrease)	($1,348,617)	($535,193)	($1,883,810)

Agency Funding



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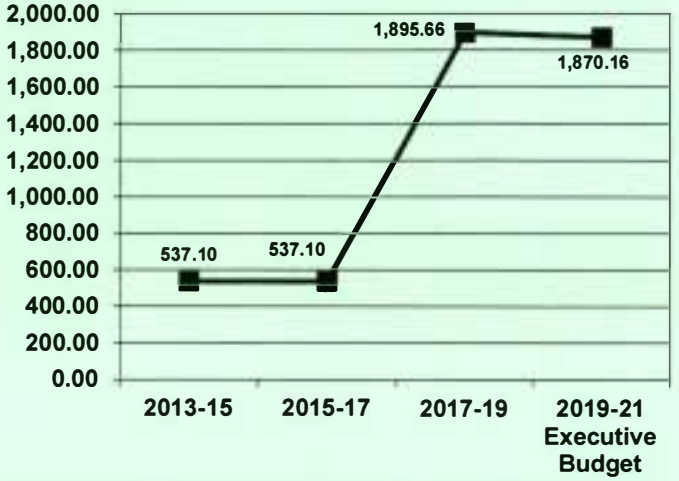
FTE Positions



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Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	$127,242,425	$751,700,739	$878,943,164
2019-21 Base Level	128,591,042	611,881,329	740,472,371
Increase (Decrease)	($1,348,617)	$139,819,410	$138,470,793

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Provides funding adjustments through the higher education funding formula as follows:			
• Reduces funding for institution operations	($6,393,735)	$0	($6,393,735)
• Adjusts funding to reflect changes in completed student credit-hours (This amount also reflects the restoration of funding for the Department of Nursing program in Bismarck)	(716,330)	0	(716,330)
• Adds funding for inflationary increases, including employee compensation and benefit adjustments	5,761,448	0	5,761,448
Total	($1,348,617)	$0	($1,348,617)
2. Adds **one-time funding** from other funds, including $25,675,000 from the strategic investment and improvements fund, for the Dunbar Hall project	$0	$51,350,000	$51,350,000
3. Adds **one-time funding** from other funds for the Barry Hall renovation, indoor practice facility, and softball indoor facility projects	$0	$42,200,000	$42,200,000

4. Adds **one-time funding** from special funds derived from revenue bond proceeds for the University Village Phase 2 project	$0	$37,600,000	$37,600,000

FTE Positions

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FTE positions - Section 15 would authorize the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Bond issue authorization - Section 16 would authorize the State Board of Higher Education to arrange for $120,100,000 of revenue bonds for a new dining facility at Dakota College at Bottineau ($2,500,000), the Memorial Union project at the University of North Dakota ($80,000,000), and University Village Phase 2 at North Dakota State University ($37,600,000). Section 20 would provide that this section is an emergency measure.

Extraordinary repairs matching funds - Section 19 would require institutions to match state extraordinary repairs funding on a $2 to $1 basis using operations or other funding.

Additional Funds Appropriation Authority

Additional special funds received - Section 10 of the attached appendix would appropriate any additional federal, private, and other local funds received by entities under the control of the State Board of Higher Education, including tuition revenue, to the respective entities during the 2019-21 biennium.

Significant Audit Findings

The State Auditor's office reported North Dakota State University:

- Was not in compliance with procurement rules, including North Dakota Century Code and University System procedures; and
- Did not have adequate controls over conflicts of interest.

Major Related Legislation

House Bill No. 1013 - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions. The following is a comparison of distributions from permanent funds during the 2017-19 biennium and the 2019-21 executive budget recommendation:

Institution	2017-19 Distribution	2019-21 Distribution	Increase (Decrease)
North Dakota State University	$4,738,000	$5,916,000	$1,178,000
University of North Dakota	3,662,000	4,504,000	842,000
North Dakota State College of Science	1,446,286	1,736,000	289,714
Valley City State University	808,000	1,034,000	226,000
Mayville State University	542,000	668,000	126,000
Dakota College at Bottineau	186,286	242,000	55,714
Dickinson State University	186,286	242,000	55,714
Minot State University	186,286	242,000	55,714
Total	$11,755,144	$14,584,000	$2,828,856

Senate Bill No. 2116 - Allows institutions under the control of the State Board of Higher Education to access the infrastructure revolving loan fund for essential infrastructure projects.

Department 238 - North Dakota State College of Science
House Bill No. 1003

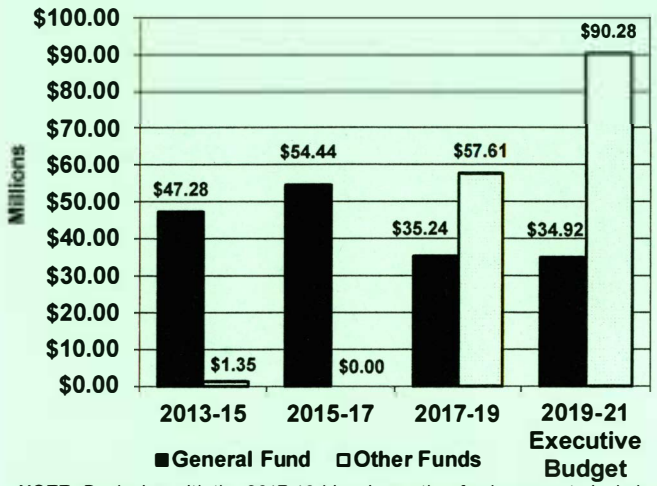
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	310.73	$34,923,120	$90,275,397	$125,198,517
2017-19 Legislative Appropriations	345.04	35,241,463	57,605,613	92,847,076
Increase (Decrease)	(34.31)	($318,343)	$32,669,784	$32,351,441

Ongoing and One-Time General Fund Appropriations

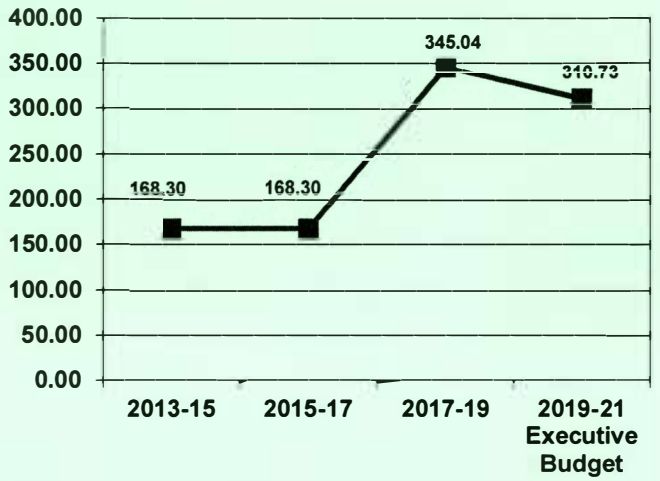
	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	$34,923,120	$0	$34,923,120
2017-19 Legislative Appropriations	35,089,376	152,087	35,241,463
Increase (Decrease)	($166,256)	($152,087)	($318,343)

Agency Funding



NOTE: Beginning with the 2017-19 biennium, other funds amounts include the appropriation of certain special funds. See the **Special Funds Appropriations** section below for additional information.

FTE Positions



NOTE: Beginning with the 2017-19 biennium, there was a change in reporting methods for University System FTE positions. See the **FTE Positions** section below for additional information.

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	$34,923,120	$90,275,397	$125,198,517
2019-21 Base Level	35,089,376	57,605,613	92,694,989
Increase (Decrease)	($166,256)	$32,669,784	$32,503,528

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Provides funding adjustments through the higher education funding formula as follows:			
• Reduces funding for institution operations	($1,751,239)	$0	($1,751,239)
• Adjusts funding to reflect changes in completed student credit-hours	(64,604)	0	(64,604)
• Adds funding for inflationary increases, including employee compensation and benefit adjustments	1,649,587	0	1,649,587
Total	($166,256)	$0	($166,256)
2. Adds **one-time funding** from other funds for a workforce career academy	$0	$30,000,000	$30,000,000

FTE Positions

The 2019-21 biennium executive budget recommendation includes authorization of all FTE positions for institutions and entities under the control of the State Board of Higher Education, including positions supported by special funds. Prior to the 2017-19 biennium, only FTE positions supported by the general fund were authorized.

Special Funds Appropriations

The 2019-21 biennium executive budget recommendation includes appropriation authority of all special funds received by the University System office and institutions. Prior to the 2017-19 biennium, special funds appropriations for the University System office and institutions were provided only for certain items, such as capital projects.

Other Bill Sections Recommended to be Added in the Executive Budget (As Detailed in the Attached Appendix)

Carryover authority - Section 9 would continue the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.

Additional funds appropriation authority - Section 10 would appropriate any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 11 would require capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

Transfer authority - Section 14 would provide that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital projects or extraordinary repairs.

FTE positions - Section 15 would authorize the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Extraordinary repairs matching funds - Section 19 would require institutions to match state extraordinary repairs funding on a $2 to $1 basis using operations or other funding.

Additional Funds Appropriation Authority

Additional special funds received - Section 10 of the attached appendix would appropriate any additional federal, private, and other local funds received by entities under the control of the State Board of Higher Education, including tuition revenue, to the respective entities during the 2019-21 biennium.

Significant Audit Findings

The State Auditor's office reported the North Dakota State College of Science is not properly reconciling cash each month.

Major Related Legislation

House Bill No. 1013 - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions. The following is a comparison of distributions from permanent funds during the 2017-19 biennium and the 2019-21 executive budget recommendation:

Institution	2017-19 Distribution	2019-21 Distribution	Increase (Decrease)
North Dakota State University	$4,738,000	$5,916,000	$1,178,000
University of North Dakota	3,662,000	4,504,000	842,000
North Dakota State College of Science	1,446,286	1,736,000	289,714
Valley City State University	808,000	1,034,000	226,000
Mayville State University	542,000	668,000	126,000
Dakota College at Bottineau	186,286	242,000	55,714
Dickinson State University	186,286	242,000	55,714
Minot State University	186,286	242,000	55,714
Total	$11,755,144	$14,584,000	$2,828,856

Senate Bill No. 2116 - Allows institutions under the control of the State Board of Higher Education to access the infrastructure revolving loan fund for essential infrastructure projects.

Department 239 - Dickinson State University
House Bill No. 1003

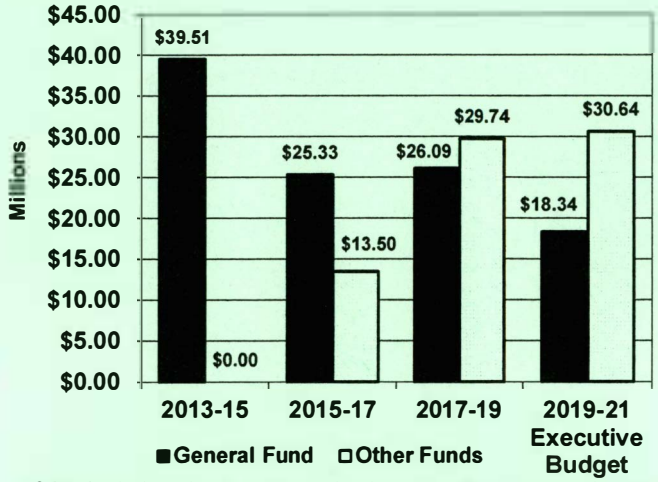
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	213.26	$18,338,442	$30,641,487	$48,979,929
2017-19 Legislative Appropriations	168.90	26,091,469	29,737,827	55,829,296
Increase (Decrease)	44.36	($7,753,027)	$903,660	($6,849,367)

Ongoing and One-Time General Fund Appropriations

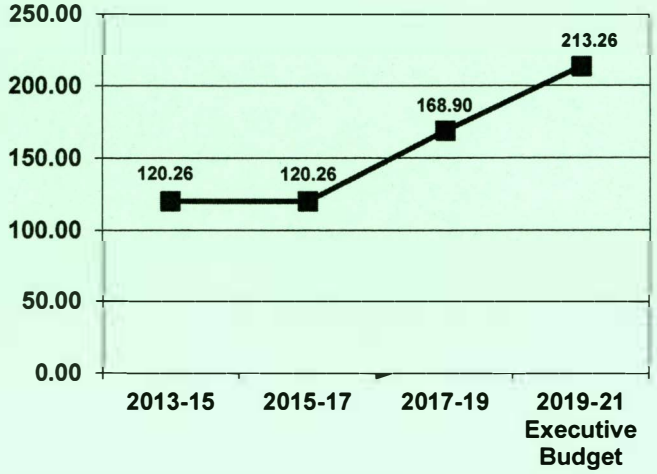
	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	$17,588,442	$750,000	$18,338,442
2017-19 Legislative Appropriations	17,806,843	8,284,626	26,091,469
Increase (Decrease)	($218,401)	($7,534,626)	($7,753,027)

Agency Funding



NOTE: Beginning with the 2017-19 biennium, other funds amounts include the appropriation of certain special funds. See the **Special Funds Appropriations** section below for additional information.

FTE Positions



NOTE: Beginning with the 2017-19 biennium, there was a change in reporting methods for University System FTE positions. See the **FTE Positions** section below for additional information.

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	$18,338,442	$30,641,487	$48,979,929
2019-21 Base Level	17,806,843	29,737,827	47,544,670
Increase (Decrease)	$531,599	$903,660	$1,435,259

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Provides funding adjustments through the higher education funding formula as follows:			
• Reduces funding for institution operations	($878,917)	$0	($878,917)
• Adjusts funding to reflect changes in completed student credit-hours	(228,509)	0	(228,509)
• Adds funding for inflationary increases, including employee compensation and benefit adjustments	889,025	0	889,025
Total	($218,401)	$0	($218,401)
2. Adds **one-time funding** from the general fund for the digitization of documents at the Theodore Roosevelt Center	$750,000	$0	$750,000

FTE Positions

The 2019-21 biennium executive budget recommendation includes authorization of all FTE positions for institutions and entities under the control of the State Board of Higher Education, including positions supported by special funds. Prior to the 2017-19 biennium, only FTE positions supported by the general fund were authorized.

Special Funds Appropriations

The 2019-21 biennium executive budget recommendation includes appropriation authority of all special funds received by the University System office and institutions. Prior to the 2017-19 biennium, special funds appropriations for the University System office and institutions were provided only for certain items, such as capital projects.

Other Bill Sections Recommended to be Added in the Executive Budget (As Detailed in the Attached Appendix)

Carryover authority - Section 9 would continue the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.

Additional funds appropriation authority - Section 10 would appropriate any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 11 would require capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

Transfer authority - Section 14 would provide that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital projects or extraordinary repairs.

FTE positions - Section 15 would authorize the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Challenge grants carryover authority - Section 17 would authorize the State Board of Higher Education to continue unexpended 2013-15 biennium appropriations for the higher education challenge grant program into the 2019-21 biennium.

Extraordinary repairs matching funds - Section 19 would require institutions to match state extraordinary repairs funding on a $2 to $1 basis using operations or other funding.

Additional Funds Appropriation Authority

Additional special funds received - Section 10 of the attached appendix would appropriate any additional federal, private, and other local funds received by entities under the control of the State Board of Higher Education, including tuition revenue, to the respective entities during the 2019-21 biennium.

Significant Audit Findings

The State Auditor's office reported Dickinson State University:

- Did not have adequate controls to ensure proper approval of journal entries;
- Did not have policies regarding nepotism and conflicts of interest;
- Did not maintain a retainage and did not properly capitalize expenses for all contracts; and
- Did not properly procure commodities and services in compliance with North Dakota Century Code, University System procedures, and institution policies.

Major Related Legislation

House Bill No. 1013 - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions. The following is a comparison of distributions from permanent funds during the 2017-19 biennium and the 2019-21 executive budget recommendation:

Institution	2017-19 Distribution	2019-21 Distribution	Increase (Decrease)
North Dakota State University	$4,738,000	$5,916,000	$1,178,000
University of North Dakota	3,662,000	4,504,000	842,000
North Dakota State College of Science	1,446,286	1,736,000	289,714
Valley City State University	808,000	1,034,000	226,000
Mayville State University	542,000	668,000	126,000
Dakota College at Bottineau	186,286	242,000	55,714
Dickinson State University	186,286	242,000	55,714
Minot State University	186,286	242,000	55,714
Total	$11,755,144	$14,584,000	$2,828,856

Senate Bill No. 2116 - Allows institutions under the control of the State Board of Higher Education to access the infrastructure revolving loan fund for essential infrastructure projects.

Department 240 - Mayville State University
House Bill No. 1003

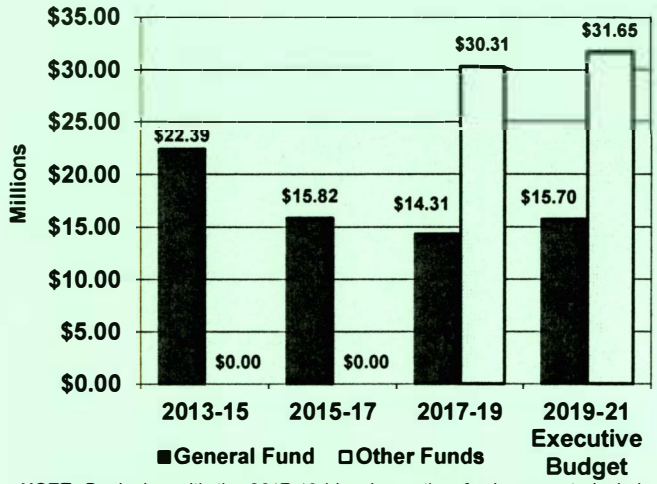
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	209.27	$15,702,282	$31,647,060	$47,349,342
2017-19 Legislative Appropriations	210.53	14,306,518	30,307,148	44,613,666
Increase (Decrease)	(1.26)	$1,395,764	$1,339,912	$2,735,676

Ongoing and One-Time General Fund Appropriations

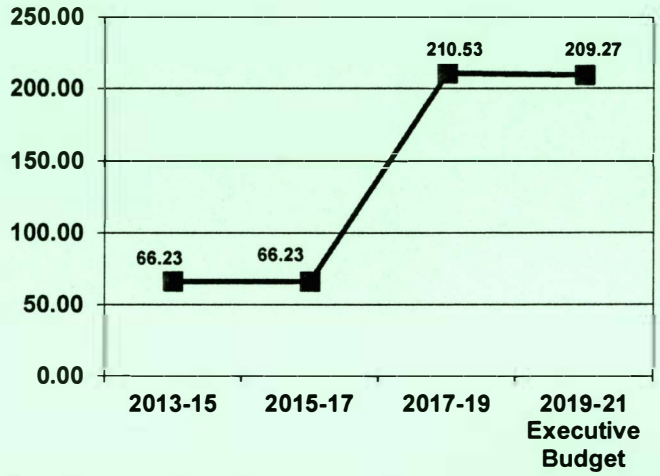
	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	$15,702,282	$0	$15,702,282
2017-19 Legislative Appropriations	14,249,605	56,913	14,306,518
Increase (Decrease)	$1,452,677	($56,913)	$1,395,764

Agency Funding



NOTE: Beginning with the 2017-19 biennium, other funds amounts include the appropriation of certain special funds. See the **Special Funds Appropriations** section below for additional information.

FTE Positions



NOTE: Beginning with the 2017-19 biennium, there was a change in reporting methods for University System FTE positions. See the **FTE Positions** section below for additional information.

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	$15,702,282	$31,647,060	$47,349,342
2019-21 Base Level	14,249,605	30,307,148	44,556,753
Increase (Decrease)	$1,452,677	$1,339,912	$2,792,589

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Provides funding adjustments through the higher education funding formula as follows:			
• Reduces funding for institution operations	($784,663)	$0	($784,663)
• Adjusts funding to reflect changes in completed student credit-hours	1,443,653	0	1,443,653
• Adds funding for inflationary increases, including employee compensation and benefit adjustments	793,687	0	793,687
Total	$1,452,677	$0	$1,452,677

FTE Positions

The 2019-21 biennium executive budget recommendation includes authorization of all FTE positions for institutions and entities under the control of the State Board of Higher Education, including positions supported by special funds. Prior to the 2017-19 biennium, only FTE positions supported by the general fund were authorized.

Special Funds Appropriations

The 2019-21 biennium executive budget recommendation includes appropriation authority of all special funds received by the University System office and institutions. Prior to the 2017-19 biennium, special funds appropriations for the University System office and institutions were provided only for certain items, such as capital projects.

Other Bill Sections Recommended to be Added in the Executive Budget (As Detailed in the Attached Appendix)

Carryover authority - Section 9 would continue the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.

Additional funds appropriation authority - Section 10 would appropriate any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 11 would require capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

Transfer authority - Section 14 would provide that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital projects or extraordinary repairs.

FTE positions - Section 15 would authorize the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Extraordinary repairs matching funds - Section 19 would require institutions to match state extraordinary repairs funding on a $2 to $1 basis using operations or other funding.

Additional Funds Appropriation Authority

Additional special funds received - Section 10 of the attached appendix would appropriate any additional federal, private, and other local funds received by entities under the control of the State Board of Higher Education, including tuition revenue, to the respective entities during the 2019-21 biennium.

Significant Audit Findings

The State Auditor's office reported Mayville State University:

- Is not basing its estimate for the allowance for doubtful accounts on prior results, percentages used are not relevant to the amounts written off, and accounts receivables are not being written off timely; and
- Did not properly procure commodities in compliance with North Dakota Century Code and University System procurement procedures.

Major Related Legislation

House Bill No. 1013 - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions. The following is a comparison of distributions from permanent funds during the 2017-19 biennium and the 2019-21 executive budget recommendation:

Institution	2017-19 Distribution	2019-21 Distribution	Increase (Decrease)
North Dakota State University	$4,738,000	$5,916,000	$1,178,000
University of North Dakota	3,662,000	4,504,000	842,000
North Dakota State College of Science	1,446,286	1,736,000	289,714
Valley City State University	808,000	1,034,000	226,000
Mayville State University	542,000	668,000	126,000
Dakota College at Bottineau	186,286	242,000	55,714
Dickinson State University	186,286	242,000	55,714
Minot State University	186,286	242,000	55,714
Total	$11,755,144	$14,584,000	$2,828,856

Senate Bill No. 2116 - Allows institutions under the control of the State Board of Higher Education to access the infrastructure revolving loan fund for essential infrastructure projects.

Department 241 - Minot State University
House Bill No. 1003

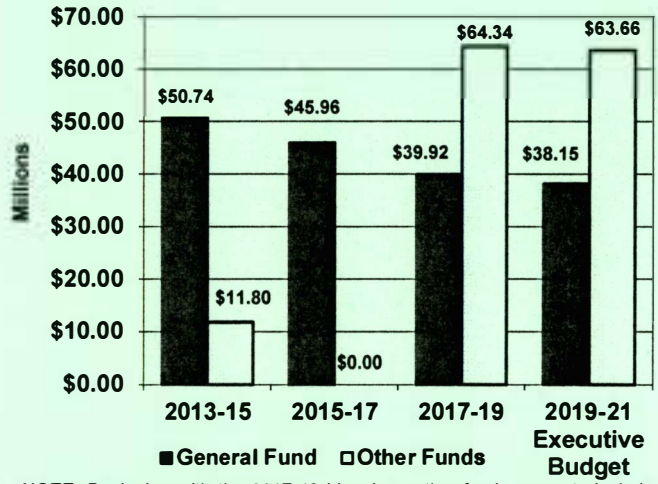
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	407.58	$38,146,932	$63,663,260	$101,810,192
2017-19 Legislative Appropriations	441.65	39,916,756	64,342,916	104,259,672
Increase (Decrease)	(34.07)	($1,769,824)	($679,656)	($2,449,480)

Ongoing and One-Time General Fund Appropriations

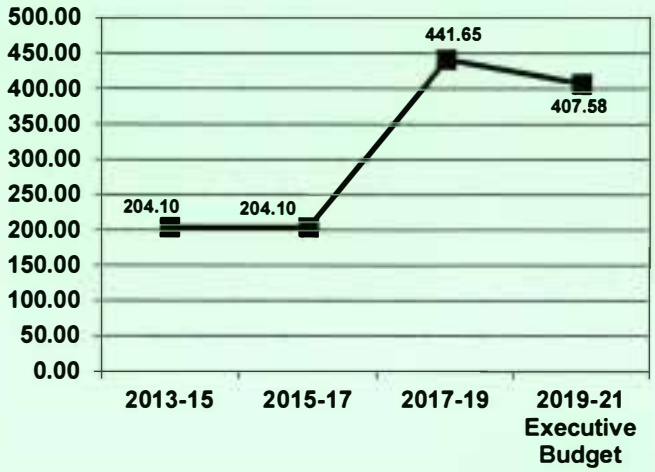
	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	$38,146,932	$0	$38,146,932
2017-19 Legislative Appropriations	39,750,979	165,777	39,916,756
Increase (Decrease)	($1,604,047)	($165,777)	($1,769,824)

Agency Funding



NOTE: Beginning with the 2017-19 biennium, other funds amounts include the appropriation of certain special funds. See the **Special Funds Appropriations** section below for additional information.

FTE Positions



NOTE: Beginning with the 2017-19 biennium, there was a change in reporting methods for University System FTE positions. See the **FTE Positions** section below for additional information.

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	$38,146,932	$63,663,260	$101,810,192
2019-21 Base Level	39,750,979	62,058,916	101,809,895
Increase (Decrease)	($1,604,047)	$1,604,344	$297

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Provides funding adjustments through the higher education funding formula as follows:			
• Reduces funding for institution operations	($1,908,047)	$0	($1,908,047)
• Adjusts funding to reflect changes in completed student credit-hours	(2,300,918)	0	(2,300,918)
• Provides funding to limit funding reductions through the funding formula (hold-harmless provision)	710,879	0	710,879
• Adds funding for inflationary increases, including employee compensation and benefit adjustments	1,894,039	0	1,894,039
Total	($1,604,047)	$0	($1,604,047)

FTE Positions

The 2019-21 biennium executive budget recommendation includes authorization of all FTE positions for institutions and entities under the control of the State Board of Higher Education, including positions supported by special funds. Prior to the 2017-19 biennium, only FTE positions supported by the general fund were authorized.

Special Funds Appropriations

The 2019-21 biennium executive budget recommendation includes appropriation authority of all special funds received by the University System office and institutions. Prior to the 2017-19 biennium, special funds appropriations for the University System office and institutions were provided only for certain items, such as capital projects.

Other Bill Sections Recommended to be Added in the Executive Budget (As Detailed in the Attached Appendix)

Carryover authority - Section 9 would continue the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.

Additional funds appropriation authority - Section 10 would appropriate any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 11 would require capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

Transfer authority - Section 14 would provide that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital projects or extraordinary repairs.

FTE positions - Section 15 would authorize the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Extraordinary repairs matching funds - Section 19 would require institutions to match state extraordinary repairs funding on a $2 to $1 basis using operations or other funding.

Additional Funds Appropriation Authority

Additional special funds received - Section 10 of the attached appendix would appropriate any additional federal, private, and other local funds received by entities under the control of the State Board of Higher Education, including tuition revenue, to the respective entities during the 2019-21 biennium.

Significant Audit Findings

There were no significant audit findings for this institution.

Major Related Legislation

House Bill No. 1013 - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions. The following is a comparison of distributions from permanent funds during the 2017-19 biennium and the 2019-21 executive budget recommendation:

Institution	2017-19 Distribution	2019-21 Distribution	Increase (Decrease)
North Dakota State University	$4,738,000	$5,916,000	$1,178,000
University of North Dakota	3,662,000	4,504,000	842,000
North Dakota State College of Science	1,446,286	1,736,000	289,714
Valley City State University	808,000	1,034,000	226,000
Mayville State University	542,000	668,000	126,000
Dakota College at Bottineau	186,286	242,000	55,714
Dickinson State University	186,286	242,000	55,714
Minot State University	186,286	242,000	55,714
Total	$11,755,144	$14,584,000	$2,828,856

House Bill No. 1030 - Extends the minimum amount payable provision of the higher education funding formula to June 30, 2021.

Senate Bill No. 2116 - Allows institutions under the control of the State Board of Higher Education to access the infrastructure revolving loan fund for essential infrastructure projects.

Department 242 - Valley City State University
House Bill No. 1003

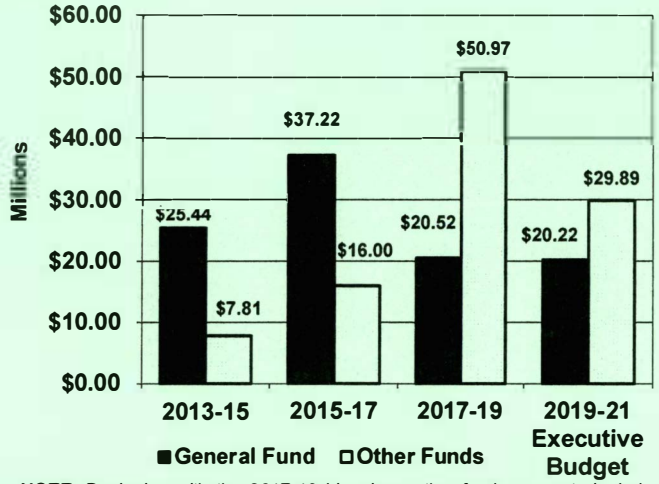
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	180.68	$20,223,150	$29,892,086	$50,115,236
2017-19 Legislative Appropriations	202.75	20,516,098	50,970,657	71,486,755
Increase (Decrease)	(22.07)	($292,948)	($21,078,571)	($21,371,519)

Ongoing and One-Time General Fund Appropriations

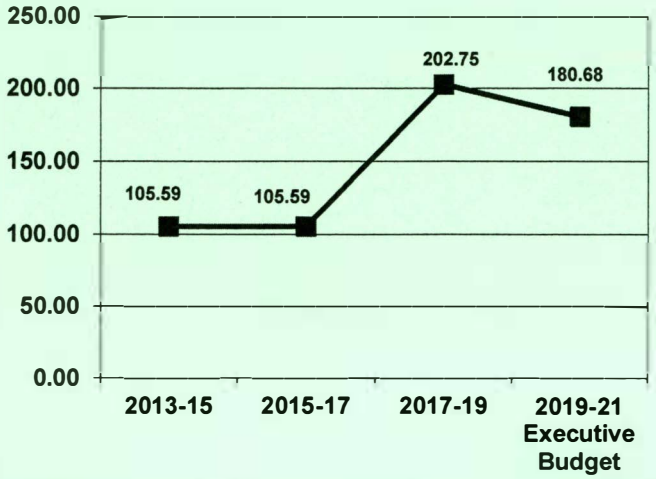
	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	$20,223,150	$0	$20,223,150
2017-19 Legislative Appropriations	20,429,502	86,596	20,516,098
Increase (Decrease)	($206,352)	($86,596)	($292,948)

Agency Funding



NOTE: Beginning with the 2017-19 biennium, other funds amounts include the appropriation of certain special funds. See the **Special Funds Appropriations** section below for additional information.

FTE Positions



NOTE: Beginning with the 2017-19 biennium, there was a change in reporting methods for University System FTE positions. See the **FTE Positions** section below for additional information.

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	$20,223,150	$29,892,086	$50,115,236
2019-21 Base Level	20,429,502	28,470,657	48,900,159
Increase (Decrease)	($206,352)	$1,421,429	$1,215,077

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Provides funding adjustments through the higher education funding formula as follows:			
• Reduces funding for institution operations	($1,010,577)	$0	($1,010,577)
• Adjusts funding to reflect changes in completed student credit-hours	(217,974)	0	(217,974)
• Adds funding for inflationary increases, including employee compensation and benefit adjustments	1,022,199	0	1,022,199
Total	($206,352)	$0	($206,352)
2. Adds **one-time funding** from other funds, including $2.9 million from the strategic investment and improvements fund, to remodel McCarthy Hall and demolish Foss Hall	$0	$3,900,000	$3,900,000

FTE Positions

The 2019-21 biennium executive budget recommendation includes authorization of all FTE positions for institutions and entities under the control of the State Board of Higher Education, including positions supported by special funds. Prior to the 2017-19 biennium, only FTE positions supported by the general fund were authorized.

Special Funds Appropriations

The 2019-21 biennium executive budget recommendation includes appropriation authority of all special funds received by the University System office and institutions. Prior to the 2017-19 biennium, special funds appropriations for the University System office and institutions were provided only for certain items, such as capital projects.

Other Bill Sections Recommended to be Added in the Executive Budget (As Detailed in the Attached Appendix)

Carryover authority - Section 9 would continue the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.

Additional funds appropriation authority - Section 10 would appropriate any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 11 would require capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

Transfer authority - Section 14 would provide that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital projects or extraordinary repairs.

FTE positions - Section 15 would authorize the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Extraordinary repairs matching funds - Section 19 would require institutions to match state extraordinary repairs funding on a $2 to $1 basis using operations or other funding.

Additional Funds Appropriation Authority

Additional special funds received - Section 10 of the attached appendix would appropriate any additional federal, private, and other local funds received by entities under the control of the State Board of Higher Education, including tuition revenue, to the respective entities during the 2019-21 biennium.

Significant Audit Findings

The State Auditor's office reported Valley City State University:

- Did not comply with North Dakota Century Code by properly procuring commodities and services and adequately documenting sole source purchases;
- Did not comply with Century Code for the construction management at-risk selection process for the heat plant replacement project; and
- Did not properly enter into all required agreements with Valley City Parks and Recreation relating to the Gaukler Family Wellness Center.

Major Related Legislation

House Bill No. 1013 - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions. The following is a comparison of distributions from permanent funds during the 2017-19 biennium and the 2019-21 executive budget recommendation:

Institution	2017-19 Distribution	2019-21 Distribution	Increase (Decrease)
North Dakota State University	$4,738,000	$5,916,000	$1,178,000
University of North Dakota	3,662,000	4,504,000	842,000
North Dakota State College of Science	1,446,286	1,736,000	289,714
Valley City State University	808,000	1,034,000	226,000
Mayville State University	542,000	668,000	126,000
Dakota College at Bottineau	186,286	242,000	55,714
Dickinson State University	186,286	242,000	55,714
Minot State University	186,286	242,000	55,714
Total	$11,755,144	$14,584,000	$2,828,856

Senate Bill No. 2116 - Allows institutions under the control of the State Board of Higher Education to access the infrastructure revolving loan fund for essential infrastructure projects.

Department 243 - Dakota College at Bottineau
House Bill No. 1003

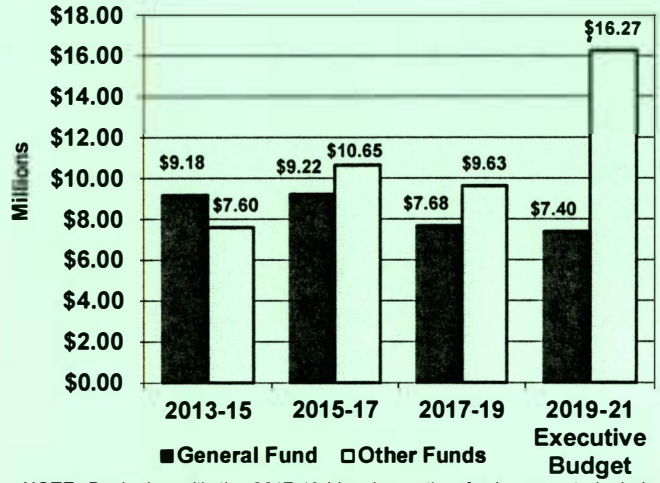
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	82.29	$7,397,888	$16,270,121	$23,668,009
2017-19 Legislative Appropriations	84.30	7,682,539	9,629,173	17,311,712
Increase (Decrease)	(2.01)	($284,651)	$6,640,948	$6,356,297

Ongoing and One-Time General Fund Appropriations

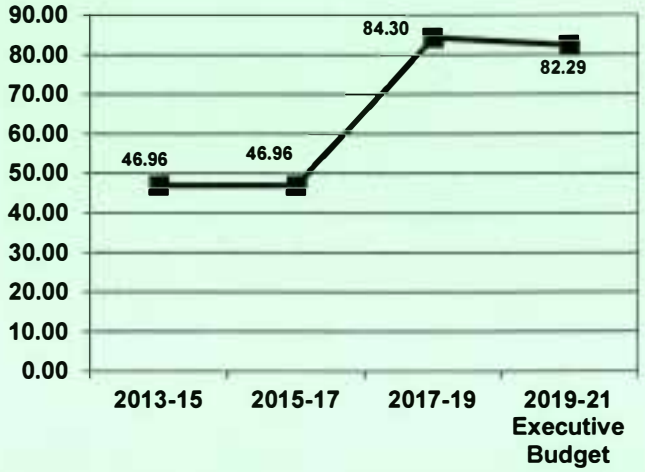
	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	$7,397,888	$0	$7,397,888
2017-19 Legislative Appropriations	7,652,945	29,594	7,682,539
Increase (Decrease)	($255,057)	($29,594)	($284,651)

Agency Funding



NOTE: Beginning with the 2017-19 biennium, other funds amounts include the appropriation of certain special funds. See the **Special Funds Appropriations** section below for additional information.

FTE Positions



NOTE: Beginning with the 2017-19 biennium, there was a change in reporting methods for University System FTE positions. See the **FTE Positions** section below for additional information.

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	$7,397,888	$16,270,121	$23,668,009
2019-21 Base Level	7,652,945	9,629,173	17,282,118
Increase (Decrease)	($255,057)	$6,640,948	$6,385,891

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Provides funding adjustments through the higher education funding formula as follows:			
• Reduces funding for institution operations	($370,971)	$0	($370,971)
• Adjusts funding to reflect changes in completed student credit-hours	(233,523)	0	(233,523)
• Adds funding for inflationary increases, including employee compensation and benefit adjustments	349,437	0	349,437
Total	($255,057)	$0	($255,057)
2. Adds **one-time funding** from special funds derived from revenue bond proceeds for a new dining facility	$0	$2,500,000	$2,500,000

FTE Positions

The 2019-21 biennium executive budget recommendation includes authorization of all FTE positions for institutions and entities under the control of the State Board of Higher Education, including positions supported by special funds. Prior to the 2017-19 biennium, only FTE positions supported by the general fund were authorized.

Special Funds Appropriations

The 2019-21 biennium executive budget recommendation includes appropriation authority of all special funds received by the University System office and institutions. Prior to the 2017-19 biennium, special funds appropriations for the University System office and institutions were provided only for certain items, such as capital projects.

Other Bill Sections Recommended to be Added in the Executive Budget (As Detailed in the Attached Appendix)

Carryover authority - Section 9 would continue the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.

Additional funds appropriation authority - Section 10 would appropriate any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 11 would require capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

Transfer authority - Section 14 would provide that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital projects or extraordinary repairs.

FTE positions - Section 15 would authorize the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Bond issue authorization - Section 16 would authorize the State Board of Higher Education to arrange for $120,100,000 of revenue bonds for a new dining facility at Dakota College at Bottineau ($2,500,000), the Memorial Union project at the University of North Dakota ($80,000,000), and University Village Phase 2 at North Dakota State University ($37,600,000). Section 20 would provide that this section is an emergency measure.

Extraordinary repairs matching funds - Section 19 would require institutions to match state extraordinary repairs funding on a $2 to $1 basis using operations or other funding.

Additional Funds Appropriation Authority

Additional special funds received - Section 10 of the attached appendix would appropriate any additional federal, private, and other local funds received by entities under the control of the State Board of Higher Education, including tuition revenue, to the respective entities during the 2019-21 biennium.

Significant Audit Findings

The State Auditor's office reported Dakota College at Bottineau:

- Did not have adequate documentation to support the awarding of the $902,664 guaranteed maximum price for the construction management at-risk contract relating to the Nelson Science Center renovation; and
- Was not in compliance with North Dakota Century Code and University System procedures regarding procurement.

Major Related Legislation

House Bill No. 1013 - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions. The following is a comparison of distributions from permanent funds during the 2017-19 biennium and the 2019-21 executive budget recommendation:

Institution	2017-19 Distribution	2019-21 Distribution	Increase (Decrease)
North Dakota State University	$4,738,000	$5,916,000	$1,178,000
University of North Dakota	3,662,000	4,504,000	842,000
North Dakota State College of Science	1,446,286	1,736,000	289,714
Valley City State University	808,000	1,034,000	226,000
Mayville State University	542,000	668,000	126,000
Dakota College at Bottineau	186,286	242,000	55,714
Dickinson State University	186,286	242,000	55,714
Minot State University	186,286	242,000	55,714
Total	$11,755,144	$14,584,000	$2,828,856

Senate Bill No. 2116 - Allows institutions under the control of the State Board of Higher Education to access the infrastructure revolving loan fund for essential infrastructure projects.

North Dakota University System Institutions
House Bill No. 1003
Base Level Funding Changes

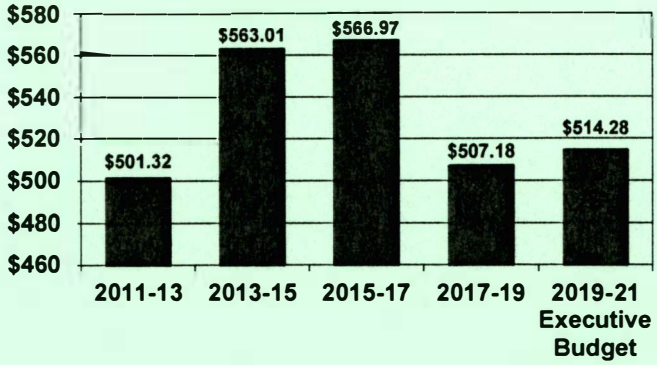
	Executive Budget Recommendation			
	FTE Positions	General Fund	Other Funds	Total
2019-21 Biennium Base Level	6,591.36	$507,176,197	$1,829,598,421	$2,336,774,618
2019-21 Ongoing Funding Changes				
Base payroll changes	(157.39)		($13,811,230)	($13,811,230)
Salary increase		$15,196,654	30,018,344	45,214,998
Health insurance increase		7,812,061	15,757,812	23,569,873
Retirement contribution increase		458,405	905,498	1,363,903
Student credit-hour completion adjustment		4,439,819		4,439,819
Funding model reduction		(25,307,427)		(25,307,427)
UND School of Medicine and Health Sciences residency program		4,507,252		4,507,252
Adjust special funds authority			8,700,514	8,700,514
Total ongoing funding changes	(157.39)	$7,106,764	$41,570,938	$48,677,702
One-time funding items				
Hold-harmless provision		$710,879		$710,879
UND Athletics High Performance Center Phase 2			$35,000,000	35,000,000
UND Memorial Union			80,000,000	80,000,000
NDSU Barry Hall renovation			3,000,000	3,000,000
NDSU indoor practice facility			37,200,000	37,200,000
NDSU softball indoor facility			2,000,000	2,000,000
NDSU University Village Phase 2			37,600,000	37,600,000
NDSU Dunbar Hall			51,350,000	51,350,000
NDSCS workforce career academy			30,000,000	30,000,000
VCSU communication and fine arts building			3,900,000	3,900,000
DCB dining facility			2,500,000	2,500,000
DSU Theodore Roosevelt digitization		750,000		750,000
Total one-time funding changes	0.00	$1,460,879	$282,550,000	$284,010,879
Total Changes to Base Level Funding	(157.39)	$8,567,643	$324,120,938	$332,688,581
2019-21 Total Funding	6,433.97	$515,743,840	$2,153,719,359	$2,669,463,199

North Dakota University System Institutions

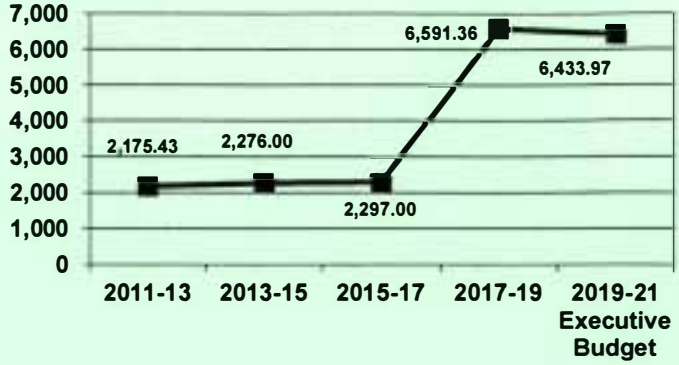
Historical Appropriations Information

Ongoing General Fund Appropriations Since 2011-13

Ongoing General Fund Appropriations (in Millions)



FTE Positions



Ongoing General Fund Appropriations					
	2011-13	2013-15	2015-17	2017-19	2019-21 Executive Budget
Ongoing general fund appropriations	$501,323,720	$563,008,934	$566,966,411	$507,176,197	$514,282,961
Increase (decrease) from previous biennium	N/A	$61,685,214	$3,957,477	($59,790,214)	$7,106,764
Percentage increase (decrease) from previous biennium	N/A	12.3%	0.7%	(10.5%)	1.4%
Cumulative percentage increase (decrease) from 2011-13 biennium	N/A	12.3%	13.1%	1.2%	2.6%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2013-15 Biennium

1. Provided funding for campus equalization payments	$16,526,024
2. Provided funding for salary increases, health insurance increases, retirement contribution increases, and utility cost increases	$39,475,866

2015-17 Biennium

1. Provided funding base credit rate adjustments for inflation (This item was affected by the August 2016 budget reductions)	$13,583,565
2. Provided funding for base funding formula adjustments including campus equalization adjustments (This item was affected by the August 2016 budget reductions)	$40,201,487

2017-19 Biennium

1. Reduced funding for institution operations	($76,770,014)
2. Adjusted funding for changes in completed student credits	$11,889,020
3. Added funding for changes in health insurance premiums	$5,297,632

2019-21 Biennium (Executive Budget Recommendation)

1. Reduces funding for institution operations	($25,307,427)
2. Adjusts funding for changes in completed student credits	$4,439,819
3. Adds funding for inflationary increases, including employee compensation and benefit adjustments	$23,467,120
4. Adds funding for residency positions at UND School of Medicine and Health Sciences	$4,507,252

GOVERNOR'S RECOMMENDATION FOR THE NORTH DAKOTA UNIVERSITY SYSTEM AS SUBMITTED BY THE OFFICE OF MANAGEMENT AND BUDGET

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income to the North Dakota university system office and to the various entities and institutions under the supervision of the state board of higher education for the purpose of defraying the expenses of the North Dakota university system office and to the various entities for the biennium beginning July 1, 2019, and ending June 30, 2021, as follows:

Subdivision 1.

NORTH DAKOTA UNIVERSITY SYSTEM OFFICE

	Base Level	Adjustments or Enhancements	Appropriation
Capital Assets	$6,605,326	($1,645,878)	$4,959,448
Student Financial Assistance Grants	21,917,306	0	21,917,306
Veterans assistance grants	277,875	0	277,875
ND Scholars Program	1,807,115	0	1,807,115
Title II Grants	1,006,472	(1,006,472)	0
Native American scholarships	555,323	0	555,323
Core Technology Services	61,527,347	(301,330)	61,226,017
Education Challenge Fund	0	40,000,000	40,000,000
Education incentive programs	2,863,393	(2,103,393)	760,000
Tribally-controlled community college grants	600,000	400,000	1,000,000
Academic and Tech Ed Scholarship	12,016,749	2,939,803	14,956,552
Student Exchange Program	3,699,342	0	3,699,342
Student mental health	284,400	(14,220)	270,180
Competitive Research Program	6,027,750	0	6,027,750
Dual Credit Pilot Program	200,000	(200,000)	0
System Governance	8,163,238	(201,194)	7,962,044
Two-Year Campus Study	0	0	0
Shared Campus Services	500,000	(25,000)	475,000

Online Curriculum Development Grant	0	5,000,000	5,000,00
Total all funds	$128,051,636	$42,842,316	$170,893,95
Less estimated income	26,412,106	2,712,233	29,124,339
Total general fund	$101,639,530	$40,130,083	$141,769,613
Full-time equivalent positions	149.40	(0.50)	148.90

Subdivision 2

BISMARCK STATE COLLEGE

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$101,670,034	($4,176,861)	$97,493,173
Capital assets	1,922,561	(10,348)	1,912,213
Total all funds	$103,592,595	($4,187,209)	$99,405,386
Less estimated income	72,991,998	(3,278,439)	69,713,559
Total general fund	$30,600,597	($908,770)	$29,691,827
Full-time equivalent positions	358.35	(34.42)	323.93

Subdivision 3

LAKE REGION STATE COLLEGE

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$36,449,048	$581,500	$37,030,548
Capital assets	362,667	0	362,667
Total all funds	$36,811,715	$581,500	$37,393,215
Less estimated income	24,111,092	910,351	25,021,443
Total general fund	$12,700,623	($328,851)	$12,371,772
Full-time equivalent positions	129.61	(11.51)	118.10

Subdivision 4

WILLISTON STATE COLLEGE

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$26,954,133	$5,052,426	$32,006,559

Capital assets	1,261,968	0	1,261,968
Total all funds	$28,216,101	$5,052,426	$33,268,527
Less estimated income	19,855,598	3,791,213	23,646,811
Total general fund	$8,360,503	$1,261,213	$9,621,716
Full-time equivalent positions	100.75	(0.27)	100.48

Subdivision 5

UNIVERSITY OF NORTH DAKOTA

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$864,554,973	$16,881,361	$881,436,334
Capital assets	95,411,566	119,411,566	119,411,566
Total all funds	$959,966,539	$40,881,361	$1,000,847,900
Less estimated income	819,870,450	41,626,913	861,497,363
Total general fund	$140,096,089	($745,552)	$139,350,537
Full-time equivalent positions	2,218.07	(85.90)	2,132.17

Subdivision 6

NORTH DAKOTA STATE UNIVERSITY

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$732,673,267	$7,320,793	$739,994,060
Capital assets	85,304,104	(26,155,000)	59,149,104
Capital projects - Non-State	0	79,800,000	79,800,000
Total all funds	$817,977,371	$60,965,793	$878,943,164
Less estimated income	689,386,329	62,314,410	751,700,739
Total general fund	$128,591,042	($1,348,617)	$127,242,425
Full-time equivalent positions	1,895.66	(25.50)	1,870.16

Subdivision 7

NORTH DAKOTA STATE COLLEGE OF SCIENCE

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$91,682,610	$2,503,528	$94,186,138
Capital assets	1,012,379	0	1,012,379
Capital projects - Non-State	0	30,000,000	30,000,000
Total all funds	$92,694,989	$32,503,528	$125,198,517
Less estimated income	57,605,613	32,669,784	90,275,397
Total general fund	$35,089,376	($166,256)	$34,923,120
Full-time equivalent positions	345.04	(34.31)	310.73

Subdivision 8

DICKINSON STATE UNIVERSITY

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$47,135,592	$685,259	$47,820,851
Capital assets	409,078	0	409,078
Digitization Project	0	750,000	750,000
Total all funds	$47,544,670	$1,435,259	$48,979,929
Less estimated income	29,737,827	903,660	30,641,487
Total general fund	$17,806,843	$531,599	$18,338,442
Full-time equivalent positions	168.90	44.36	213.26

Subdivision 9

MAYVILLE STATE UNIVERSITY

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$44,197,761	$2,724,941	$46,922,702
Capital assets	358,992	67,648	426,640
Total all funds	$44,556,753	$2,792,589	$47,349,342
Less estimated income	30,307,148	1,339,912	31,647,060
Total general fund	$14,249,605	$1,452,677	$15,702,282
Full-time equivalent positions	210.53	(1.26)	209.27

Subdivision 10

MINOT STATE UNIVERSITY

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$100,710,275	$297	$100,710,572
Capital assets	1,099,620	0	1,099,620
Total all funds	$101,809,895	$297	$101,810,192
Less estimated income	62,058,916	1,604,344	63,663,260
Total general fund	$39,750,979	($1,604,047)	$38,146,932
Full-time equivalent positions	441.65	(34.07)	407.58

Subdivision 11

VALLEY CITY STATE UNIVERSITY

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$48,444,336	($2,742,443)	$45,701,893
Capital assets	455,823	3,957,520	4,413,343
Total all funds	$48,900,159	$1,215,077	$50,115,236
Less estimated income	28,470,657	1,421,429	29,892,086
Total general fund	$20,429,502	($206,352)	$20,223,150
Full-time equivalent positions	202.75	(22.07)	180.68

Subdivision 12

DAKOTA COLLEGE AT BOTTINEAU

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$17,168,111	$3,422,579	$20,590,690
Capital assets	114,007	2,963,312	3,077,319
Total all funds	$17,282,118	$6,385,891	$23,668,009
Less estimated income	9,629,173	6,640,948	16,270,121
Total general fund	$7,652,945	($255,057)	$7,397,888

Full-time equivalent positions	84.30	(2.01)	82.29

Subdivision 13

UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$205,926,713	$5,880,919	$211,807,632
Healthcare Workforce Initiative	0	10,676,150	10,676,150
Total all funds	$205,926,713	$16,557,069	$222,483,782
Less estimated income	154,078,620	5,671,413	159,750,033
Total general fund	$51,848,093	$10,885,656	$62,733,749
Full-time equivalent positions	435.75	49.57	485.32

Subdivision 14

NORTH DAKOTA FOREST SERVICE

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$14,958,447	$60,874	$15,019,321
Capital assets	118,728	0	118,728
Total all funds	$15,077,175	$60,874	$15,138,049
Less estimated income	10,650,748	14,652	10,665,400
Total general fund	$4,426,427	$46,222	$4,472,649
Full-time equivalent positions	27.00	0	27.00

Subdivision 15

BILL TOTAL

	Base Level	Adjustments or Enhancements	Appropriation
Grand total general fund			

	$613,242,154	$48,743,948	$661,986,102
Grand total special funds	2,035,166,275	158,342,823	2,193,509,098
Grand total all funds	$2,648,408,429	$207,086,771	$2,855,495,200

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-SEVENTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-fifth legislative assembly for the 2017-19 biennium and the 2019-21 one-time funding items included in the appropriation in section 1 of this Act:

One-Time Funding Description	2017-19	2019-21
Capital projects – other funds	$168,505,000	$282,550,000
Midwestern Higher Education Compact Dues	230,000	0
Two Year Campus Study	40,000	0
One-time Campus Operations	2,000,000	0
Dickinson State University – Campus operations and debt	8,284,626	0
Online Curriculum Development Grant	0	5,000,000
Dickinson State University – Digitization Project	0	750,000
Education challenge grants	2,000,000	40,000,000
Total all funds	$203,367,962	$328,300,000
Total other funds	49,348,194	287,550,000
Total general fund	$154,019,768	$40,750,000

The 2019-21 one-time funding amounts are not a part of the entity's base budget for the 2021-23 biennium. The North Dakota university system shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 3. SPECIAL FUNDS TRANSFER – STRATEGIC INVESTMENT AND IMPROVEMENTS FUND. The less estimated income line item in section 1 of this Act includes the sum of $5,000,000, from the strategic investment and improvements fund for competitive grants for the institutions for online curriculum development. The less estimated income line in section 1 of this Act also includes the sum of $2,900,000, from

the strategic investment and improvements fund for the renovation of McCarthy Hall and demolition of Foss Hall at Valley City State University. The less estimated income line in section 1 of this Act also includes the sum of $25,675,000, from the strategic investment and improvements fund for Dunbar Hall at North Dakota State University. The funding for Dunbar Hall requires a minimum of $13,000,000 in matching funds before it shall be transferred and notwithstanding Section 54-44.1-11 of the North Dakota Century Code any unexpended appropriation available for Dunbar under this section must be returned to the strategic investment and improvement fund on June 30, 2021. All of these amounts may be transferred at the direction of the state board of higher education and all are one-time items for the biennium beginning July 1, 2019 and ending June 30, 2021.

SECTION 4. AMENDMENT. Section 15-10-48 of the North Dakota Century Code is amended and reenacted as follows:

15-10-48. Advancement of academics - Matching grants - University of North Dakota and North Dakota state university.

1. a. Subject to legislative appropriations, each biennium during the period beginning July first of each odd-numbered year and ending December thirty-first of each even-numbered year, the state board of higher education shall award one dollar in matching grants for every two dollars raised by the institutional foundations of the university of North Dakota and North Dakota state university for projects dedicated exclusively to the advancement of academics.

b. To be eligible for a matching grant, an institution must demonstrate that:

(1) Its foundation has raised at least fifty thousand dollars in cash or monetary pledges for a qualifying project; and

(2) The project has been approved by the grant review committee established in section 15-10-51.

c. The board may award ~~up to two hundred thousand dollars in~~ matching grants to each institution based on total completed credit-hours, as determined under section 15-18.2-01, and as set forth in this section. The matching grant award dollar amounts are:

(1) $1,250,000 for institutions with less than 100,000 completed credit hours;

(2) $3,000,000 for institutions with 100,000 to 599,999 completed credit hours; and

(3) $11,750,000 for institutions with more than 599,999 completed credit hours.

d. Projects at the university of North Dakota school of medicine and health sciences are not eligible to receive a grant under this section.

2. a. If any available dollars have not been awarded by the board before January first of each odd-numbered year, in accordance with subsection 1, either the university of North Dakota or North Dakota state university may apply for an additional matching grant.

b. An application submitted under this subsection must meet the same criteria as an original application.

c. The board shall consider each application submitted under this subsection in chronological order.

d. If the remaining dollars are insufficient to provide a matching grant in the amount of one dollar for every two dollars raised by the institutional foundation, the board shall award a lesser amount.

3. The state board of higher education shall retain up to one-quarter of one percent of any grant awarded under this section to assist with administrative expenses incurred in the grant review process.

SECTION 5. AMENDMENT. Section 15-10-49 of the North Dakota Century Code is amended and reenacted as follows:

15-10-49. Advancement of academics - Matching grants - Two-year and four-year institutions of higher education.

1. a. Subject to legislative appropriations, each biennium during the period beginning July first of each odd-numbered year and ending December thirty-first of each even-numbered year, the state board of higher education shall award one dollar in matching grants for every two dollars raised by the institutional foundations of Bismarck state college, Dakota college at Bottineau, Dickinson state university, Lake Region state college, Mayville state university, Minot state university, North Dakota state college of science, Valley City state university, and Williston state college for projects dedicated exclusively to the advancement of academics.

b. To be eligible for a matching grant, an institution must demonstrate that:

(1) Its foundation has raised at least twenty-five thousand dollars in cash or monetary pledges for a qualifying project; and

(2) The project has been approved by the grant review committee established in section 15-10-51.

c. The board may award ~~up to two hundred thousand dollars in~~ matching grants to each institution based on total completed credit-hours, as determined under section 15-18.2-01, and as set forth in this section. The matching grant award dollar amounts are:

(1) $1,250,000 for institutions with less than 100,000 completed credit hours;

(2) $3,000,000 for institutions with 100,000 to 599,999 completed credit hours; and

(3) $11,750,000 for institutions with more than 599,999 completed credit hours.

2. a. If any available dollars have not been awarded by the board before January first of each odd-numbered year, in accordance with subsection 1, any institution listed in subsection 1 may apply for an additional matching grant.

b. An application submitted under this subsection must meet the same criteria as an original application.

c. The board shall consider each application submitted under this subsection in chronological order.

d. If the remaining dollars are insufficient to provide a matching grant in the amount of one dollar for every two dollars raised by the institutional foundation, the board shall award a lesser amount.

3. The state board of higher education shall retain up to one-quarter of one percent of any grant awarded under this section to assist with administrative expenses incurred in the grant review process.

SECTION 6. AMENDMENT. Section 15-18.2-02 of the North Dakota Century Code is amended and reenacted as follows:

15-18.2-02. Weighted credit-hours - Determination - Instructional program classification factors - Submission to legislative management.

1. In order to determine the weighted credit-hours for each institution under its control, the state board of higher education shall multiply each of an institution's completed credit-hours, as determined under section 15-18.2-01, by an instructional program classification factor, as set forth in this section.

a. The factors for credits completed in agriculture are:

(1) 1.9 for lower division credits;

(2) 3.8 for upper division credits;

(3) 5.7 for professional level credits; and

(4) 7.6 for graduate level credits.

b. The factors for credits completed in architecture are:

(1) 1.8 for lower division credits;

(2) 3.6 for upper division credits;

(3) 5.4 for professional level credits; and

(4) 7.2 for graduate level credits.

c. The factors for credits completed in transportation are:

(1) 1.9 for lower division credits;

(2) 3.8 for upper division credits;

(3) 5.7 for professional level credits; and

(4) 7.6 for graduate level credits.

d. The factors for credits completed in the biological and physical sciences are:

(1) 1.9 for lower division credits;

(2) 3.8 for upper division credits;

(3) 5.7 for professional level credits; and

(4) 7.6 for graduate level credits.

e. The factors for credits completed in business are:

(1) 1.9 for lower division credits;

(2) 3.8 for upper division credits;

(3) 5.7 for professional level credits; and

(4) 7.6 for graduate level credits.

f. The factors for credits completed in education are:

(1) 1.9 for lower division credits;

(2) 3.8 for upper division credits;

(3) 5.7 for professional level credits; and

(4) 7.6 for graduate level credits.

g. The factors for credits completed in engineering are:

(1) 2.5 for lower division credits;

(2) 5.0 for upper division credits;

(3) 7.5 for professional level credits; and

(4) 10.0 for graduate level credits.

h. The factors for credits completed in the health sciences are:

(1) 3.0 for lower division credits;

(2) 6.0 for upper division credits;

(3) 9.0 for professional level credits;

(4) 12.0 for graduate level credits;

(5) ~~38.0~~34.5 for medical school credits.

i. The factors for credits completed in legal studies are:

(1) 3.5 for lower division credits;

(2) 7.0 for upper division credits;

(3) 10.5 for professional level credits; and

(4) 14.0 for graduate level credits.

j. The factors for credits completed in the core disciplines are:

(1) 1.0 for lower division credits;

(2) 2.0 for upper division credits;

(3) 3.0 for professional level credits; and

(4) 4.0 for graduate level credits.

k. The factor for credits completed in career and technical education is 2.0.

l. The factor for completed basic skills credits is 2.3.

2. a. The state board of higher education shall ensure that all delineations in this section reflect the requirements of a nationally recognized and standardized instructional program classification system.

b. Before adopting any changes to the delineations implemented in accordance with this section, the state board of higher education shall present the proposed changes to and receive the approval of the legislative management.

SECTION 7. AMENDMENT. Section 15-18.2-05 of the North Dakota Century Code is amended and reenacted as follows:

15-18.2-05. Base funding - Determination of state aid.

In order to determine the state aid payment to which each institution under its control is entitled, the state board of higher education shall multiply the product determined under section 15-18.1-04 by a base amount of:

1. ~~$58.65~~$58.36 in the case of North Dakota state university and the university of North Dakota;
2. ~~$86.95~~$87.00 in the case of Dickinson state university~~,~~ Mayville state university, Minot state university, and Valley City state university;
3. ~~$93.03~~$92.76 in the case of Bismarck state college, Dakota college at Bottineau, Lake Region state college, and North Dakota state college of science; and Williston state college.

SECTION 8. AMENDMENT. Section 15-18.2-06 of the North Dakota Century Code is amended and reenacted as follows:

15-18.2-06. (Effective through ~~June 30, 2019~~ June 30, 2021) Base funding - Minimum amount payable.

Notwithstanding any calculations required by this chapter, during each biennium, an institution may not receive less than ninety-six percent of the state aid to which the institution was entitled under this chapter during the previous biennium.

SECTION 9. AMENDMENT. Section 54-44.1-11 of the North Dakota Century Code is amended and reenacted as follows:

54-44.1-11. Office of management and budget to cancel unexpended appropriations - When they may continue. (Effective through July 31, ~~2019~~2021)

Except as otherwise provided by law, the office of management and budget, thirty days after the close of each biennial period, shall cancel all unexpended appropriations or balances of appropriations after the expiration of the biennial period during which they became available under the law. Unexpended appropriations for the state historical society are not subject to this section and the state historical society shall report on the amounts and uses of funds carried over from one biennium to the appropriations committees of the next subsequent legislative assembly. Unexpended appropriations for the North Dakota university system are not subject to this section and the North Dakota university system shall report on the amounts and uses of funds carried over from one biennium to the next to subsequent appropriations committees of the legislative assembly. The chairmen of the appropriations committees of the senate and house of representatives of the legislative assembly with the office of the budget may continue appropriations or balances in force for not more than two years after the expiration of the biennial period during which they became available upon recommendation of the director of the budget for:

1. New construction projects.
2. Major repair or improvement projects.
3. Purchases of new equipment costing more than ten thousand dollars per unit if it was ordered during the first twelve months of the biennium in which the funds were appropriated.
4. The purchase of land by the state on a "contract for deed" purchase if the total purchase price is within the authorized appropriation.
5. Purchases by the department of transportation of roadway maintenance equipment costing more than ten thousand dollars per unit if the equipment was ordered during the first twenty-one months of the biennium in which the funds were appropriated.
6. Authorized ongoing information technology projects.

Office of management and budget to cancel unexpended appropriations - When they may continue. (Effective after July 31, ~~2019~~ 2021) The office of management and budget, thirty days after the

close of each biennial period, shall cancel all unexpended appropriations or balances of appropriations after the expiration of the biennial period during which they became available under the law. Unexpended appropriations for the state historical society are not subject to this section and the state historical society shall report on the amounts and uses of funds carried over from one biennium to the appropriations committees of the next subsequent legislative assembly. The chairmen of the appropriations committees of the senate and house of representatives of the legislative assembly with the office of the budget may continue appropriations or balances in force for not more than two years after the expiration of the biennial period during which they became available upon recommendation of the director of the budget for:

1. New construction projects.
2. Major repair or improvement projects.
3. Purchases of new equipment costing more than ten thousand dollars per unit if it was ordered during the first twelve months of the biennium in which the funds were appropriated.
4. The purchase of land by the state on a "contract for deed" purchase if the total purchase price is within the authorized appropriation.
5. Purchases by the department of transportation of roadway maintenance equipment costing more than ten thousand dollars per unit if the equipment was ordered during the first twenty-one months of the biennium in which the funds were appropriated.
6. Authorized ongoing information technology projects.

SECTION 10. ADDITIONAL FEDERAL, PRIVATE, AND OTHER FUNDS - APPROPRIATION. All funds, in addition to those appropriated in section 1 of this Act, from federal, private, and other sources for competitive grants or other funds that the legislative assembly has not indicated the intent to reject, including tuition revenue, received by the state board of higher education and the institutions and entities under the control of the state board of higher education, are appropriated to the board and those institutions and entities, for the biennium beginning July 1, 2019, and ending June 30, 2021. All additional funds received under the North Dakota-Minnesota reciprocity agreement during the biennium beginning July 1, 2019, and ending June 30, 2021, are appropriated to the state board of higher education for reimbursement to institutions under the control of the board.

SECTION 11. CAMPUS CAPITAL PROJECTS - PROJECT MANAGEMENT. During the biennium beginning July 1, 2019, and ending June 30, 2021, each capital project authorized by the state board of higher education must have adequate project management oversight by either an institution official or a representative of an external entity. An institution may seek assistance from the university system office for project management oversight of a capital project.

SECTION 12. STATEWIDE MEMBERSHIP DUES. Subdivision 1 of section 1 of this Act includes the sum of $294,000 for membership dues for the western interstate commission for higher education.

SECTION 13. UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES OPERATIONS. The operations line item in subdivision 5 of section 1 of this Act includes a funding allocation from the higher education per student credit-hour funding formula attributable to inflation during the biennium beginning July 1, 2019, and ending June 30, 2021. Based on the recommendation of the commissioner of higher education a portion of the allocation may be transferred by the state board of higher education between the university of North Dakota school of medicine and health sciences and the university of North Dakota.

SECTION 14. TRANSFER AUTHORITY. If, during the biennium beginning July 1, 2019, and ending June 30, 2021, the state board of higher education determines that funds allocated to operations in section 1 of this Act are needed for capital assets, the board may transfer funds from operations to capital assets. The board shall report any transfer of funds under this section to the office of management and budget.

SECTION 15. FULL-TIME EQUIVALENT POSITION ADJUSTMENTS. Notwithstanding any other provisions of law, the state board of higher education may adjust full-time equivalent positions as needed, subject to the availability of funds, for institutions and entities under its control during the biennium beginning July 1, 2019, and ending June 30, 2021. The North Dakota university system shall report any adjustments to the office of management and budget before the submission of the 2021-23 biennium budget request.

SECTION 16. BOND ISSUANCE AUTHORIZATION - PURPOSES. The state board of higher education, in accordance with chapter 15-55, may arrange for the funding of projects authorized in this section, declared to be in the public interest, through the issuance of self-liquidating, tax-exempt evidences of indebtedness under chapter 15-55, beginning with the effective date of this Act and ending June 30, 2021. Evidences of indebtedness issued pursuant to this section are not a general obligation of the state of North Dakota. Any unexpended balance resulting from the proceeds of the evidences of indebtedness must be placed in a sinking fund to be used for the retirement of indebtedness. The evidences of indebtedness may be issued and the proceeds are appropriated in section 1 of this Act for the following capital projects:

Dakota College at Bottineau – new dining facility	$2,500,000
University of North Dakota – memorial union	80,000,000
North Dakota State University – university village phase 2	37,600,000
Total special funds	$120,100,000

SECTION 17. EXEMPTION – HIGHER EDUCATION CHALLENGE GRANT. The unexpended amount remaining for the Education Challenge Fund in section 1 of chapter 34 of the 2013 Session Laws

are not subject to section 54-44.1-11 and any unexpended funds from these lines are available during the biennium beginning July 1, 2019 and ending June 30, 2021.

SECTION 18. USE OF HIGHER EDUCATION CHALLENGE GRANT – MATCHING FUNDS. The education challenge fund line item in subdivision 1 of this Act may leverage any funds raised by the institutional foundations beginning January 1, 2019 and ending June 30, 2021 as part of the matching funds.

SECTION 19. USE OF EXTRAORDINARY REPAIRS FUNDING - MATCHING FUNDS. The capital assets line items in subdivisions 2 through 12 of section 1 of this Act include funding from the general fund for institution extraordinary repairs. An institution shall provide two dollars of matching funds from operations or other sources for each one dollar of extraordinary repairs funding used for a project.

SECTION 20. EMERGENCY. Section 16 and the capital assets items in section 1 of this Act are declared to be an emergency measure.

House Appropriations- Education and Environment Division

House Bill 1003

1/15/19 Att 1

State Capitol, Roughrider Room

Representative David Monson, Chairman

HB 1003

Tuesday, January 15, 2019

8:30 a.m.	**Don Morton**, Chair, State Board of Higher Education
8:45 a.m.	**Mark Hagerott**, Chancellor, North Dakota University System
9:15 a.m.	**Tammy Dolan**, Vice Chancellor of Administrative Affairs
10:30 am.	**Public comment** • **Jared Melville,** President, North Dakota Student Association • **Birgit Pruess,** Faculty Representative, State Board of Higher Education • **ND Council of College Faculties** • **Jim Stoddard,** Veterans Educational Training Program

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NORTH DAKOTA
UNIVERSITY SYSTEM
ACCESS. INNOVATION. EXCELLENCE.

HB1003
House Appropriations
January 15, 2019
Don Morton, Chair SBHE

Chair Monson and Committee Members: My name is Don Morton, and I am the Chair of the State Board of Higher Education. I'm here today to begin discussion of HB1003. The Board voted unanimously to **support** a **needs-based budget** to fund higher education in North Dakota.

Responsive and adaptive Board:

We have been adapting and improving the course of higher education through partnerships with our campuses, industry leaders, students, and government leaders as the Board worked hard to Envision the path to 2030. We are embracing disruptive technology at several of our campuses.

- Example: NDSU, MiSU, BSC – excelling at cybersecurity
  - UND – unmanned aviation systems research

For our students – transferability is number one in the nation; as a system, we place our priority on students, and we continue to focus on their career needs and personal pathways. (CoOp), We want to see them through to their ultimate success as good citizens.

Responding to the needs of industry with new models: The SBHE has approved BSC to move toward a polytechnic model to meet the changing needs of students and the workforce adaptation necessary for changing careers. DSU is now prototyping a dual mission model, so that they can provide some technical degrees that are essential in the west.

While it is true that **nationally** the numbers of prospective high school graduates are going down, North Dakota's numbers are projected to increase, according to a 2017 Western Interstate Commission for Higher Education (WICHE) study. Most western states are projected to decrease or stay the same, but ND is expected to see an increase by 24% by 2024.

Our priorities (what we are doing well):

Taking care of students: The NDUS is currently reviewing 175 military courses that could potentially be utilized in transfer to fulfill general education requirements. Normally military courses and/or training would likely have been considered elective credit or not accepted at all prior to this undertaking.

Taking care of people and staff: The State Board is requesting a 4% pay raise for faculty and staff – because there has been a lack of pay incentives in the previous biennium simultaneously with significant staffing reductions. We are in a national battle for talent. We would support a

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pay increase and a continuation of current health and retirement benefits to recruit and retain top quality faculty and staff.

Good stewards of resources: We are also focusing on shared services to create greater efficiencies by consolidating payroll to fewer campuses. Core Technology Service is our ultimate shared service, allowing us to take advantage of economies of scale, and consolidate our technology services and learning management system among all 11 campuses.

Future priorities and goals (areas we can improve):

Access in the west: As identified in the Chronicle of Higher Education, North Dakota is identified as an education desert. People need to travel large distances to get to institutions, so we need to continually adapt and use technology to bring education to people where and when they need it. A study of options for an online Agriculture degree from NDSU is in progress, with the goal to better meet the needs of people living on the west side of the state.

Research is a major focus of the Board: Innovation is a priority.
Research Excellence and Innovation was recently added as a major pillar in the State Board's strategy. With Legislative support, an emerging technologies working group provided focus for state and industry efforts and investments to help North Dakota adapt to the accelerated pace of new technology developments. NDUS will encourage more campus collaborative programs and EPSCOR funding/under-graduate research with Tribal Colleges.

The SBHE is committed adapting at speed and scale to changing fiscal realities, student needs, and business workforce markets across our large state.

Thank you.

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HB1003
House Appropriations
January 15, 2019
Mark Hagerott, Chancellor, NDUS
701.328.2963 | mark.hagerott@ndus.edu

Chair Monson and Committee Members: My name is Mark Hagerott, and I am the Chancellor of the North Dakota University System. I'm here to provide testimony on House Bill 1003. As stated earlier by State Board of Higher Education Chair Don Morton, the Board has expressed significant support for a needs-based budget to fund higher education in North Dakota.

In the past two years the university system has seen significant gains in several areas, many of which wouldn't have been possible without legislative support. Had that support been absent, the foundation for further collaboration among our 11 colleges and universities, or with other state agencies, just would not have been possible. I want to thank the legislature for its work with higher education, and to highlight several of higher education's key accomplishments.

We've seen improvements, such as two of our five community colleges are ranked in the top 25 in the nation for graduation rates, one of our research universities is among the top nationally for its online program innovations, and all our campuses are consistently adapting – adaptations which not only give students the opportunity to find more success, but that created an economic impact that totaled $5.2 billion during the 2017 fiscal year. Two of our campuses are innovating further. BSC and DSU are taking action toward the expanded models of becoming a Polytechnic and Dual Mission, respectively. Other high points related to Academic and Student Affairs include:

- Telemedicine;
- NDUS Transcript Exchange;
- Support for open educational resources;
- Revised program approval process; more final authorization culminating at a lower level;
- Access to an NDUS common application for admission via the K-12 education portal.

In terms of cost savings, our system has put in place additional measures to encourage more efficiencies from the system office through the campus level of operations. The budget reductions in '17-19 resulted in a reduction of staff and faculty positions by approximately 700. The needs-based budget I and the board are advocating for would provide more stability to our campuses, by our workforce and by the most important resource of all – our students. Other, more technology-focused shared services include widespread standardization across Campus Solutions, Finance and HR, consolidated payroll processing, our Learning Management System – Blackboard, our collaboration suite – Microsoft Office 365, and most critical to student privacy – our Security Ecosystem. Our work continues with trying to leverage predictive analytics to

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improve student outcomes. We will be focusing our efforts in this area by using the ND State Longitudinal Data System (NDSLDS) in the future. We continue to support student success through the use of intervention solutions (Starfish) that help campus based student support personnel and faculty to work effectively with students.

Our Envision 2030 effort, which has gathered feedback and built consensus meeting-by-meeting, has brought forward several recommendations. They are:

- A four percent salary increase for faculty and staff;
- Exploration of a funding stabilization mechanism for higher education in the state;
- Expanded online programming that increases access to high quality programs already in place to adult and geographically-isolated students;
- Increased support for research universities to innovate and encourage industry partnership;
- Establish a privacy advisory group to advise the State Board on issues surrounding big data and privacy;
- Continued collaboration with other state agencies and their education-related missions.

Beyond those achievements, NDUS has overseen the inclusion of Student Achievement Measure (SAM) data to convey graduation and retention statistics, which clearly highlight a nearly 73% success retention and completion rate. We've partnered with the Office of Management and Budget to align our procurement processes with the state. And, as noted in our report to the Interim Legislative Higher Education Committee and corroborated by a recent N.D. Auditor's Office report, Open Educational Resources have resulted in substantial savings for our students. Additionally, the State Higher Education Executive Officer Association (SHEEO) used NDUS as a positive example in a report issued last year on best practices in higher education financial reporting.

As TECH ND testified before the Senate Education Committee last week, the state is facing a time of unprecedented change. As you know, change brings with it an equally unprecedented opportunity for the state and our public higher education system to become leaders within emerging industries. The NDUS is well-positioned to help fill the need for this expected growth, which represents a much higher rate than the average national demand.

Thank you.

NORTH DAKOTA
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HOUSE APPROPRIATIONS COMMITTEE
HB 1003
TESTIMONY

Mark Hagerott, Chancellor, NDUS

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Strategy and Priorities: Serving students today, adapting to change, planning for the longer term

- **Affordability for working families (SBHE Goal 1)**
- **Access to rural areas in a big state (SBHE Goal 2)**
- **Excellence for Student Success (SBHE Goal 3)**
- **System Efficiencies (SBHE Goal 4)**
- **Research Excellence (SBHE Goal 5)**

NORTH DAKOTA UNIVERSITY SYSTEM

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Envision 2018-2030

- **Meeting Needs of:**
  - Students;
  - Faculty/Staff;
  - Business/Industry/Workforce;
- **Adapting to Impacts by:**
  - Digital Revolution;
  - Western N.D. Resource Development;
  - Fiscal Environment;
  - Changes in *Age, Gender & Ethnicity* of N.D. demographic groups;
  - Growth of Knowledge.

NORTH DAKOTA UNIVERSITY SYSTEM

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2019-21 Strategy and Priorities

- Economic: $5.2 billion FY 2017
- Innovating:
  - Polytechnic, Dual Mission
  - Support for open educational resources;
- Collaborating:
  - Telemedicine;
  - NDUS Transcript Exchange;
- Responding:
  - Revised program approval process;
  - Final authorization at a lower level;
  - Access to NDUS common app via the K-12 education portal;
  - SBHE Governance Reforms - internal
- Standardizing/Shared Services:
  - Campus Solutions;
  - Finance and HR, consolidated payroll processing;
  - Learning Management System – Blackboard;
  - Collaboration suite – Microsoft Office 365;
- Improving Student Outcomes:
  - Leveraging SLDS to increase responsiveness/intervention times;
- Securing
  - Working to maintain/improve Data Privacy
  - Cooperatively working with DPI, Emerging Tech working group, and private sector to ensure needs are met.

NORTH DAKOTA UNIVERSITY SYSTEM

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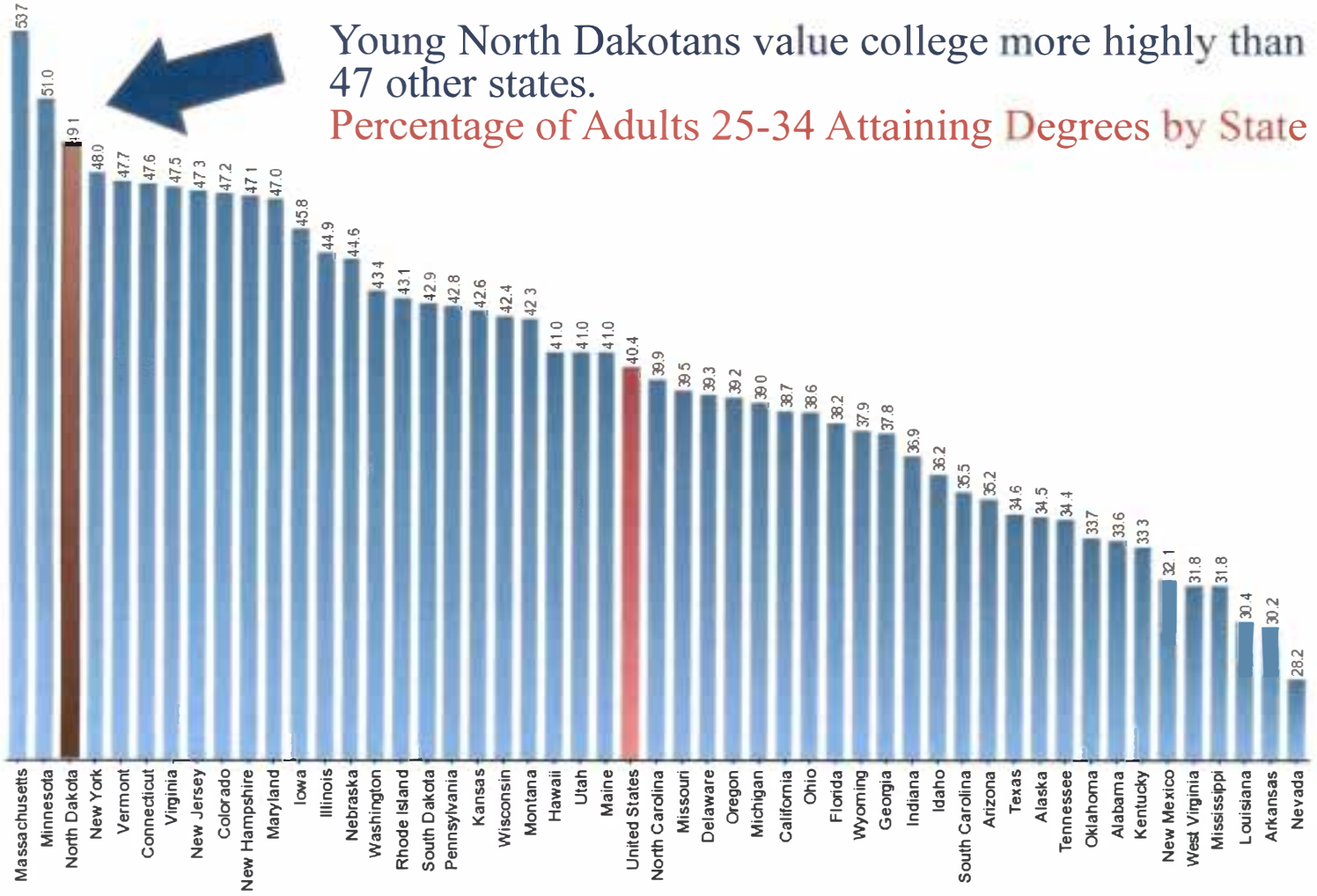
2019-21 Strategy and Priorities

Young North Dakotans value college more highly than 47 other states.

Percentage of Adults 25-34 Attaining Degrees by State



Source: U.S. Census Bureau, 2011 American Community Survey

NORTH DAKOTA UNIVERSITY SYSTEM

NDUS Retention and Completion rates

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Retention or Completion	SAM Rate
NDUS Retention	72.7%
NDUS Community College Outcome	79%
NDUS Regional University Outcome	59%
NDUS Research University Outcome	84.5%

70%	Nearly 7 out of 10 students who begin college at an NDUS Institution complete a degree within six years

Two NDUS community colleges were ranked in the Top 25 nationally.

(Chronicle of Higher Education)

NORTH DAKOTA UNIVERSITY SYSTEM

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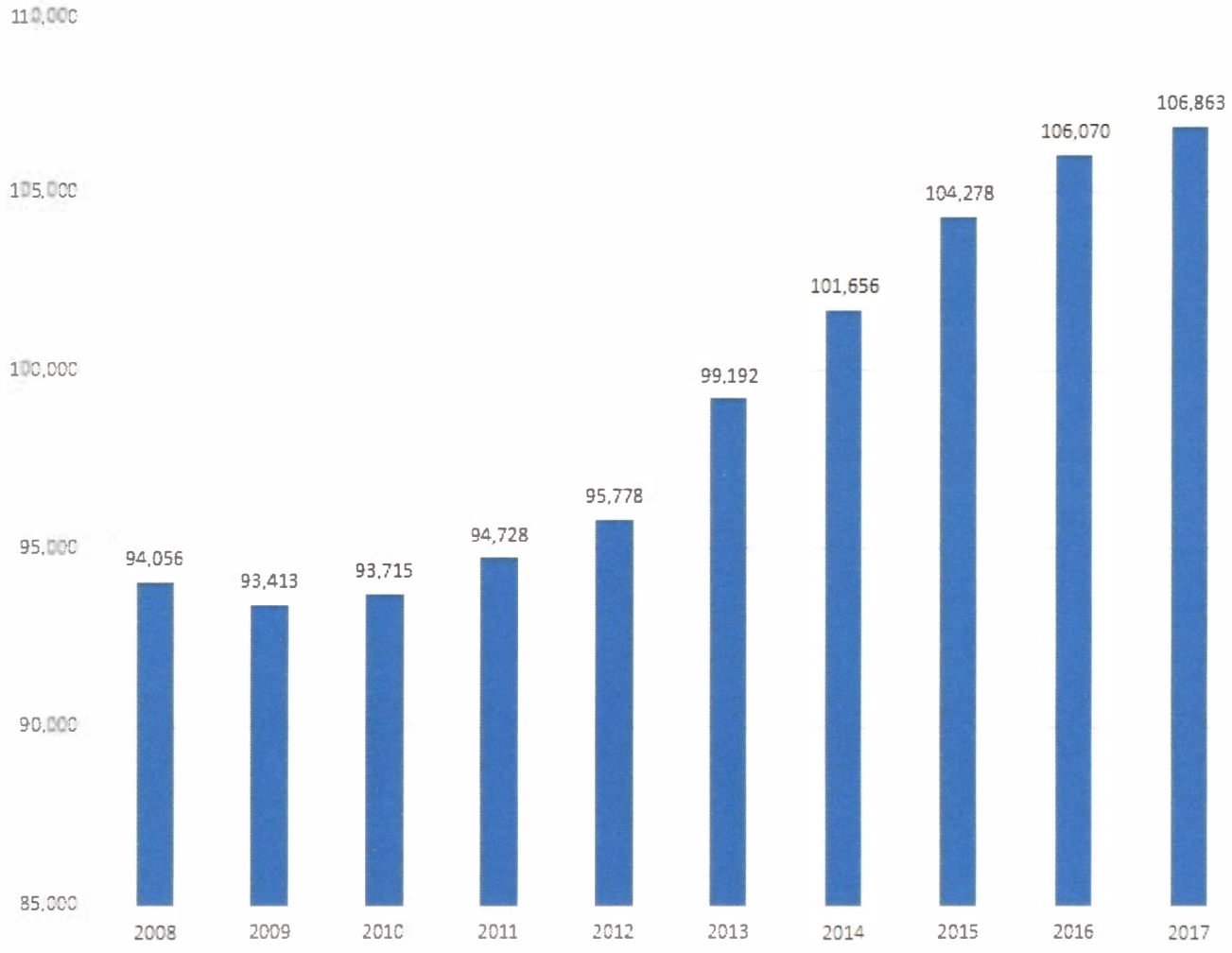
Growing youth population: N.D. Biggest growth by 2031. *(source: WICHE)*



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Focused on Cost Savings, Efficiencies

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- Cost Reduction effort in progress
  - Administrative reductions across all campuses; president's salaries frozen.
  - Staff/Faculty Reduced: Nearly 700 FTE cut 2016-18.
  - Low Enrollment courses being reduced.
- Shared Services expansion in progress
  - Sharing functions where costs can be saved and services preserved, e.g., consolidating IT across system; selected campuses sharing academic courses/audit/HR and various other functions.

NORTH DAKOTA UNIVERSITY SYSTEM

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HOUSE APPROPRIATIONS COMMITTEE – EDUCATION & ENVIRONMENT DIVISION HOUSE BILL 1003

NDUS SYSTEMWIDE OVERVIEW JANUARY 15, 2019

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2019-21 NDUS Needs-Based Budget Request

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2019-21 Ongoing Budget Request *In Millions*	General Fund	Tuition	Other Funds	Total
2017-19 Base	$ 613.3	$ 627.3	$ 1,232.0	$ 2,472.6
Formula Production	$ 9.7			$ 9.7
Bond Payments	$ (1.7)			$ (1.7)
Salary Increase 4%/4%	$ 22.7	$ 19.9	$ 20.3	$ 62.9
2019-21 Needs-Based Budget	**$ 644.0**	**$ 647.2**	**$ 1,252.3**	**$ 2,543.5**
$ Change	*$ 30.7*	*$ 19.9*	*$ 20.3*	*$ 70.9*
% Change	*5%*	*3%*	*2%*	*3%*

2019-21 Optional Investment Opportunities *In Millions*	General Fund	Other Funds	Total
Base Requests	$ 14.5		$ 14.5
One-Time Requests	27.3		27.3
Capital Projects	97.2	227.3	324.5
2019-21 Optional Request	**$ 139.0**	**$ 227.3**	**$ 366.3**

2019-21 Need-Based Budget

- Unanimously approved by SBHE on 6/28/2018
- Reflects statutory formula production & bond payment changes
- 4% average salary increases
  - Merit-based, not across-the-board
  - 2/3 non-General Fund dollars
  - Requires 1.5% - 2.9% annual tuition increase
- Does not restore 2015-17 $122.7M GF cuts
  - Repurposed, reprioritized, scaled back to live within means
  - About 700 FTE positions reduced
- Recommended 5% budget reduction
  - Another 150 FTE positions
  - 850 FTE = 10% staffing reduction in < 3 years
  - 2% - 6.5% annual tuition increases to offset 5% reduction
  - Price increases diminish student affordability & may impact enrollment at some institutions

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2019-21 Executive Recommendation to NDUS Needs-Based Request – Ongoing

	2019-21 Needs-Based Budget Request *In Millions*			
	General Fund	**Tuition**	**Other Funds**	**Total**
2017-19 Base	$ 613.3	$ 627.3	$ 1,232.0	$ 2,472.6
Formula Production	$ 9.7			$ 9.7
Bond Payments	$ (1.7)			$ (1.7)
Salary Increase 4%/4%	$ 22.7	$ 19.9	$ 20.3	$ 62.9
Total	**$ 644.0**	**$ 647.2**	**$ 1,252.3**	**$ 2,543.5**
Base $ Change	*$30.70*	*$19.90*	*$20.30*	*$70.90*
Base % Change	*5%*	*3%*	*2%*	*3%*

	2019-21 Executive Recommendation *In Millions*			
	General Fund	**Tuition**	**Other Funds**	**Total**
2017-19 Base	$ 613.3	$ 627.3	$ 1,232.0	$ 2,472.6
Formula Production	$ 9.7			$ 9.7
Bond Payments	$ (1.7)			$ (1.7)
5% Base Reduction	$ (27.8)			$ (27.8)
Replace SLTF Dollars	$ 1.5			$ 1.5
Increase Acad. & CTE Scholarship	$ 2.9			$ 2.9
Increase Tribal College Grants	$ 0.4			$ 0.4
Move TSLF to DPI	$ (2.1)			$ (2.1)
Salary/Health/Retirement Incr.	$ 25.0	$ 23.3	$ 23.9	$ 72.2
Total	**$ 621.2**	**$ 650.6**	**$ 1,255.9**	**$ 2,527.7**
Base $ Change	*$7.90*	*$23.30*	*$23.90*	*$55.10*
Base % Change	*1%*	*4%*	*2%*	*2%*

NORTH DAKOTA UNIVERSITY SYSTEM

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NORTH DAKOTA
UNIVERSITY SYSTEM

ACCESS. INNOVATION. EXCELLENCE.

HIGHER EDUCATION FUNDING FORMULA

Pg 1

2015-17 Completed Student Credit Hour Report Summary

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Institution	2013-2015 Adjusted SCH	2015-2017 SCH	Weighted SCH (Instructional Program Factor)	Credit Completion Factor	Institutional Size Factor	2015-2017 Adjusted SCH	2015-17 Adjusted SCH Increase (decrease)
BSC	328,920	158,023	290,994	1.10	1.00	320,093	(8,827)
DCB	82,260	25,526	44,307	1.80	1.00	79,753	(2,507)
LRSC	136,517	58,258	88,916	1.50	1.00	133,374	(3,143)
NDSCS	377,169	121,634	221,464	1.00	1.70	376,489	(680)
WSC	89,865	38,743	61,016	1.70	1.00	103,727	13,862
DSU	204,805	59,541	134,777	1.50	1.00	202,166	(2,639)
MASU	163,891	45,418	112,804	1.60	1.00	180,486	16,595
MISU	457,194	145,979	391,553	1.10	1.00	430,708	(26,486)
VCSU	234,969	62,245	166,036	1.40	1.00	232,450	(2,519)
NDSU	2,211,355	708,490	2,180,302	1.00	1.00	2,180,302	(31,053)
UND	3,257,601	700,471	3,279,783	1.00	1.00	3,279,783	22,182
TOTALS	**7,544,546**	**2,124,328**	**6,971,952**			**7,519,331**	**(25,215)**

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2017-19 Institution Formula Funding – Base Budget

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Institution	2017-19 Base Budget	2015-17 Adjusted SCH	Statutory Rate per SCH	2019-21 Base Budget	Change from 2017-19	
BSC	$ 30,600,597	320,093	$ 93.03	$ 29,778,252	$ (822,345)	-3%
DCB	7,652,945	79,753	93.03	7,419,422	(233,523)	-3%
LRSC	12,700,623	133,374	93.03	12,407,783	(292,840)	-2%
NDSCS	35,089,376	376,489	93.03	35,024,772	(64,604)	0%
WSC	8,360,503	103,727	93.03	9,649,723	1,289,220	15%
DSU	17,806,843	202,166	86.95	17,578,334	(228,509)	-1%
MASU	14,249,605	180,486	86.95	15,693,258	1,443,653	10%
MISU	39,750,979	430,708	86.95	38,160,940	(1,590,039)	-4%
VCSU	20,429,502	232,450	86.95	20,211,528	(217,974)	-1%
NDSU	128,591,042	2,180,302	58.65	127,874,712	(716,330)	-1%
UND	140,096,089	3,279,783	58.65	140,099,633	3,544	0%
SMHS	51,848,093			52,259,640	411,547	1%
SMHS Residency Program				10,676,150	10,676,150	
TOTALS	**$ 507,176,197**	**7,519,331**		**$516,834,147**	**$ 9,657,950**	**2%**

Formula Increase = $9.7 million

- Institutions: $1.0 million **reduction**, including $710K minimum amount payable
- SMHS Healthcare Workforce Initiative: + $10.7 million
  - $6.2 million credit prod.
  - $4.5 million formerly Student Loan Trust Fund
  - 2017 SB2003 Section 16- residency funding ongoing
  - Weighting factor for medical doctor credits reduced from 38 to 34.5.
  - Separate appropriation line

NORTH DAKOTA UNIVERSITY SYSTEM

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2017-19 Needs-Based Budget – Institutions General Fund

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Institution	2017-19 Base Budget	SCH Production Changes – Base	5% Base Budget Reduction	Executive Compensation Package	2019-21 Executive Recommendation	2019-21 NDUS Needs Based Budget	Variance from NDUS Needs Based Budget
BSC	$ 30,600,597	$ (822,345)	$ (1,488,913)	$ 1,402,488	$ 29,691,827	$ 31,104,984	$ (1,413,157)
DCB	7,652,945	(233,523)	(370,971)	349,437	7,397,888	7,728,117	(330,229)
LRSC	12,700,623	(292,840)	(620,389)	584,378	12,371,772	12,897,302	(525,530)
NDSCS	35,089,376	(64,604)	(1,751,239)	1,649,587	34,923,120	36,525,241	(1,602,121)
WSC	8,360,503	1,289,220	(482,486)	454,479	9,621,716	9,901,737	(280,021)
DSU	17,806,843	(228,509)	(878,917)	889,025	17,588,442	18,465,369	(876,927)
MASU	14,249,605	1,443,653	(784,663)	793,687	15,702,282	16,246,441	(544,159)
MISU	39,750,979	(1,590,039)	(1,908,046)	1,894,038	38,146,932	39,721,167	(1,574,235)
VCSU	20,429,502	(217,974)	(1,010,577)	1,022,199	20,223,150	21,009,824	(786,674)
NDSU	128,591,042	(716,330)	(6,393,735)	5,761,448	127,242,425	133,335,881	(6,093,456)
UND	140,096,089	3,544	(7,004,508)	6,255,412	139,350,537	145,412,076	(6,061,539)
SMHS	51,848,093	411,547	(2,612,982)	2,410,941	52,057,599	55,254,034	(3,196,435)
SMHS-HWI Residency Program		10,676,150			10,676,150	10,676,150	-
Total	**$ 507,176,197**	**$9,657,950**	**$ (25,307,426)**	**$ 23,467,119**	**$ 514,993,840**	**$ 538,278,323**	**$ (23,284,483)**

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2019-21 HB1003 Base Budget to Executive Recommendation

General Fund Ongoing Budget – System Office

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Appropriation Line	2017-19 Base Budget	Base Budget Adjustments	5% Base Budget Reduction	Executive Compensation Package	2019-21 Executive Recommendation	2019-21 Needs Based Budget	Variance from Needs Based Budget Request
System Governance	$ 7,486,143	$	$ (374,307)	$ 383,122	$ 7,494,958	$ 7,790,171	$ (295,213)
Capital bond payments	6,605,326	(1,645,878)			4,959,448	4,959,448	
Veterans Assistance Programs	277,875				277,875	277,875	
Student Mental Health	284,400		(14,220)		270,180	284,400	(14,220)
Core Technology Services	37,964,115	539,453	(1,898,206)	963,402	37,568,764	39,318,936	(1,750,172)
Student Financial Assistance Grants	21,917,306				21,917,306	21,917,306	
ND Scholars Program	1,807,115				1,807,115	1,807,115	
Native American Scholarship	555,323				555,323	555,323	
Education Incentive Programs	2,863,393	(2,103,393)			760,000	760,000	
Tribal Community College Grants	100,000	900,000			1,000,000	600,000	400,000
Academic and Tech Ed. Scholarship	12,016,749	2,939,803			14,956,552	14,956,552	
Student Exchange Program	3,234,035	465,307			3,699,342	3,699,342	
Competitive Research Program	6,027,750				6,027,750	6,027,750	
Shared Campus Services	500,000		(25,000)		475,000	500,000	(25,000)
Total	**$101,639,530**	**$ 1,095,292**	**$ (2,311,733)**	**$ 1,346,524**	**$ 101,769,613**	**$ 103,454,218**	**$ (1,684,605)**

OTA STEM

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2019-21 Executive Recommendation to Forest Service Needs-Based Request – Ongoing

AH 1
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	2017-19 Base Budget	5% Base Budget Reduction	Executive Compensation Package	2019-21 Executive Recommendation	Variance from Needs Based Budget Request
Forest Service	$ 4,426,427	$ (221,321)	$ 267,543	$ 4,472,649	$ (136,609)

NORTH DAKOTA UNIVERSITY SYSTEM

2019-21 Executive Budget to Request – Optional Adjustments

AH1
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NDUS Optional Requests			Executive Recommendation
	Description	Amount	
Sustain Existing Service Levels			
Replace Student Loan Trust Fund (SLTF) Dollars for the following:			
Connect ND	Since 1993, partially funded six FTE to maintain Campus Solutions. (ongoing)	$ 539,437	$ 539,437
Professional Student Exchange Program (PSEP)	Fewer ND students placed into veterinary, dentistry and optometry programs (ongoing)	$ 465,307	$ 465,307
Tribal College Grants for Non-Native Students attending Tribal Colleges	SLTF funds comprise 83% of $600,000 budget (ongoing). Governor enhanced funding by $400,000 as part of workforce initiative.	$ 500,000	$ 900,000
Academic & CTE Scholarship	Increased scholarship awards require additional funds (ongoing)	$ 2,939,803	$ 2,939,803

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2019-21 Executive Budget to Request – Optional Adjustments

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NDUS Optional Requests			Executive Recommendation
	Description	Amount	
Systemwide Initiatives – Envision 2030			
Campus Workforce Initiative Pool	$4.0 million (one-time) to develop and/or modify academic & technical offerings to address workforce needs, including nursing, digital agriculture, energy certificates, manufacturing & cybersecurity.	$ 5,000,000	
	$1.0 million (ongoing) for scholarships to students completing programs in high-demand workforce areas.		
Campus Research Initiative Pool	One-time funds for expanded research into emerging technology and new fields, such as UAS, counter UAS, digital agriculture, cybersecurity, data analytics and medical applications	$ 10,000,000	
Digital Transformation	One-time funds to assist campuses to adjust to digitization demands by purchase of new automation tools to free up labor	$ 500,000	

NORTH DAKOTA UNIVERSITY SYSTEM

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2019-21 Executive Budget to Request – Optional Adjustments

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NDUS Optional Requests			Executive Recommendation
	Description	Amount	
Systemwide Technology Initiatives			
IT Security	2.00 FTE operational security positions (ongoing) for proactive identification and response to cybersecurity issues and threats. Coordinated with ITD resources.	$ 480,000	
Digital Initiative	$2.0 million each for NDSU & UND to support existing high-performance computing infrastructure & increase capacity to provide expert resources in advanced informatics, scientific computing and application development.	$ 5,700,000	
	$850,000 each for NDSU & UND to support existing high-speed, high-capacity research network.		

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2019-21 Executive Budget to Request – Optional Adjustments

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NDUS Optional Requests			Executive Recommendation
	Description	Amount	
Systemwide Initiatives – SB2003 Task Force			
Common Enrollment Mgmt System	Enhanced common application including a robust applicant portal, improved mobile experience, field validation, logical field routing and institutional branding ($100,000 ongoing & $200,000 one-time)	$ 300,000	
Academic Pathways Initiative	Tool to develop academic pathways to direct student into required courses, improve timely degree completion, help identify cross-institution program sharing efficiencies. ($150,000 ongoing & $150,000 one-time)	$ 300,000	
College & Career Development Coordinators	11.00 FTE (1.00 at each institution) to coordinate with high schools and expand career/ college counseling at the high school level.	$ 1,300,000	
Common Course Catalog – 1.50 FTE	1.50 FTE to develop and maintain systemwide general education program catalog to assist with transferability, cross-institution program/instructor sharing, and creation of online academic pathways ($500,000 ongoing & $300,000 one-time)	$ 800,000	

NORTH DAKOTA UNIVERSITY SYSTEM

2019-21 Executive Budget to Request – Optional Adjustments

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NDUS Optional Requests			Executive Recommendation
	Description	Amount	
Systemwide Initiatives – SB2003 Task Force			
Education/Workforce Development Dashboard	Searchable, mobile-friendly educational & workforce dashboard to identify high-demand job and related NDUS academic/technical programs ($50,000 ongoing & $100,000 one-time)	$ 150,000	
eProcurement System – 1.00 FTE	Amazon-like marketplace tool for systemwide purchase of goods & services. Future realized cost savings may help offset upfront costs. ($1.72 million and 1.00 FTE ongoing & $500,000 one-time)	$ 2,220,000	
Campus Academic, Technology & Infrastructure Needs	$1.0 million per campus to address various academic, technology, non-capital infrastructure or other needs.	$ 11,000,000	

2019-21 Executive Budget to Request – Optional Adjustments

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Optional Request	Description	Amount	Executive Recommendation
System Governance			
Transfer Teacher Shortage Loan Forgiveness (TSLF) Program to DPI	2017 Legislative Assembly transferred TSLF program administration to DPI. Requires statutory update.	$ (2,103,393)	$ (2,103,393)
Director of Academic Programs Restoration – 1.00 FTE	Reinstate position responsible for implementing NDUS academic policies, procedures and initiatives, including academic program approval and statewide research initiatives. Eliminated in 2015 due to budget reductions.	$ 220,000	
Director of Workforce & Research Development – 1.00 FTE	New position to coordinate research between research universities (EPSCoR), facilitate emerging technology & other research, facilitate integration & adaption of systemwide workforce programs.	$ 220,000	
Restore MHEC Membership	Permanently restore membership in Midwestern Higher Education Compact. Reinstate statutory language repealed in 2017.	$ 230,000	
Eliminate Campus Assessment for Internal Audit & Compliance	Fund compliance office and portion of internal audit department expenses and eliminate campus assessment	$ 300,000	
Financial Aid System Replacement	Update outdated, cumbersome systems to administer Scholars, ND Indian Scholarship, PSEP, STEM loan forgiveness programs	$ 600,000	

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NORTH DAKOTA UNIVERSITY SYSTEM

2019-21 Executive Budget to Request – Governor's Initiatives

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Optional Request			Executive Recommendation	
	Description	Amount		
Online Curriculum Development Pool	Competitive grant program for institutions to develop new online programming (one-time)		$ 5,000,000	SIIF
Challenge Grants	Investment requiring 2:1 private match primarily for scholarship endowments (one-time)		$ 40,000,000	Legacy Fund Earnings
Theodore Roosevelt Digitization Project	Digitization of Theodore Roosevelt documents at DSU (one-time)		$ 750,000	SIIF

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2019-21 Executive Budget Request v. Recommendation
Capital Projects

AH 1
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2019-21 NDUS Capital Projects State General Fund (GF) Project Requests				Executive Recommendation
SBHE Rank	Institution	Project Title	Request	
1	VCSU	Fine Arts Building	$ 32,275,887	$0
2	NDSU	Dunbar	51,350,000	0
3	VCSU	Life Safety Projects	2,529,323	0
4	BSC	Card Access System	500,000	0
5	MiSU	Dome Wellness Emergency Generators	1,130,335	0
6	MiSU	Student Center Emergency Generators	690,000	0
7	DCB	Nelson Science Center PH 2	1,177,758	0
8	DCB	Back-up Boiler	437,492	0
9	MaSU	Deferred Maintenance/Life Safety	400,000	0
10	NDSCS	Hektner Student Center Improvements	6,708,000	0
		Total General Fund	**$ 97,198,795**	**$0**

2019-21 Executive Budget Request v. Recommendation
Capital Projects

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Non-General Fund Projects (Unranked)				Executive Recommendation	Funding Source
Institution	Project Title	Request	Funding Source		
NDSU	Dunbar	$ -		$ 51,350,000	50% Private Donations & 50% SIIF
VCSU	McCarthy Hall	-		3,900,000	$1M Private Donations & $2.9M SIIF
NDSCS	Fargo Expansion	30,000,000	Private Donations	30,000,000	
NDSU	Barry Hall Renovation	3,000,000	Private Donations	3,000,000	
NDSU	Indoor Practice Facility	37,200,000	Private Donations	37,200,000	
NDSU	Softball Facility	2,000,000	Private Donations	2,000,000	
NDSU	University Village PH 2	37,600,000	Revenue Bonds	37,600,000	
UND	Athletics High Performance Center	35,000,000	Private Donations & Property Sales	35,000,000	
UND	Memorial Union	80,000,000	Revenue Bonds	80,000,000	
UND	Gallery Apts - Approval to sell				
UND	1225 Stanford Road - Approval to sell				
DCB	New Dining Facility	2,500,000	Revenue Bonds	2,500,000	
	Total Non-General Fund	**$ 227,300,000**		**$ 282,550,000**	

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Required Reporting

AM1
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SB2003 Section 3 One Time Funding:
Capital Projects
Education Challenge Fund (Sec. 4 & 5)
Institution operating distributions (Sec. 3)
Two-year campus study(Sec. 35)
Midwest higher education compact(Sec. 17)
Theodore Roosevelt Presidential Library(Sec. 24)
Dickinson State University operations and debt repayment(Sec.18,25)
HB1015 Section 3 One Time Funding – TR Presidential Library digitization
SB2003 Section 12 Carryover funds
SB2003 Section 20 Transfer authority–transfers from operations to capital assets
SB2003 Section 28 Extraordinary repairs funding – Matching funds
SB2003 Section 36 Study of Nursing programs
SB2244 Section 2 Dual-Credit Pilot program
SB2003 Section 27 Tuition Rate Increase Limitations

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Most Recent Audit Findings

Audit: NDUS Financial Statements
For the year ended June 30, 2017

Report Date: November 30, 2017

Recommendation:

We recommend the NDUS ensure operating agreements exist for all affiliated organizations, operating agreements are reviewed annually, updated in a timely manner, and the agreements are filed with the proper personnel.

University System Response/Planned Corrective Actions:

Agree. SBHE Policy 340.2 was revised effective July 1, 2017. The approved changes enhance oversight of foundations and related operating agreements. The new policy was shared with all foundations and affiliated organizations. The NDUS System Office has developed a monitoring process and is working with the institutions to develop practices that ensure operating agreements exist and comply with SBHE policy

External Testimony

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- Jared Melville, President, North Dakota Student Association
- Birgit Pruess, Faculty Representative, State Board of Higher Education
- ND Council of College Faculties
- Jim Stoddard, ND Veterans Educational Training Program

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Birgit Pruess, Ph.D.
3002 10th Str. N
Fargo, ND 58102

January 09, 2019

66th Legislative Assembly
North Dakota Legislative Branch

To the house representatives and senators of the 66th Legislative Assembly,

I am the faculty advisor of the State Board of Higher Education and charged with representing the faculty to the SBHE and others. In that role, I have toured the State of North Dakota and met with faculty at our 11 campuses to give them the opportunity to express their concerns. I have briefly summarized the major concerns:

1) Faculty compensation: faculty have not received a raise in several years and living expenses have increased during that time. I am highly supportive of the 4% raises that the SBHE has proposed for each of the two years.

2) Benefits package: there is growing concern about where our health insurance is headed. When faculty were switched from Blue Cross Blue Shield, we were initially grandfathered in. However, since these initial two years are up, co-pays have increased. Now, there are suggestions on the table to increase either the co-pays further or make faculty pay a portion of their membership fee themselves. This discussion takes place before we even know whether we will get a raise.

3) Base funding: the system has lost some 700 faculty thanks to the latest budget cut. At the two- and four- year colleges this has led to an increase in teaching load. At the research universities, many faculty have left. This diminishes the research abilities of the remaining faculty, because collaborative opportunities are suddenly no longer available. In addition, support personnel has been reduced, which further enhances the perception of a decreased ability to do research. The system can't afford any further cuts to their base funding and/or their number of employees.

I appreciate all the hard work and the many hours that our legislators invest into the Higher Ed budget. In the interest of our students, employees, tax payers, and future employers of our graduates, I hope you consider funding of our 11 campuses at the level that is proposed by the SBHE.

Sincerely and respectfully

B. Pruess

Birgit Pruess, Ph.D.
SBHE, Faculty Advisor

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North Dakota Council of College Faculties

Legislative Priorities for the 66th North Dakota Legislative Assembly

The Council of College Faculty fosters quality in scholarly activities, teaching and learning, and considers all issues and conditions of employment which apply to the faculty at all campuses of the system. The Council membership consist of faculty representatives from each campus. The Council unanimously approved the following priorities.

Salary Increase

The Council supports the State Board of Higher Education's recommendation of a 4% salary increase in both years of the biennium.

Faculty did not receive a pay increase during either of the past two years, while the cost of living increased about 4%. In addition to being a financial hardship, it is affecting faculty morale. Furthermore, faculty have an increased work load as a result of a reduction in faculty due to previous budget cuts.

Oppose Further Cuts to Funding

The Council supports the State Board of Higher Education needs-based budget request for the 2019-21 biennium that is at a "hold even" level from the previous biennium.

As a result of budget cuts last session, nearly 700 positions were eliminated across the university system. Quality is being affected both in the ability to provide an appropriate education for students and to conduct research to benefit the state. Funding is needed to provide new programs to students in evolving areas.

Maintain the Current Benefits Package

The Council supports maintaining the current benefits package for faculty.

The benefits are a valued part of compensation. Requiring faculty to pay a portion of health insurance, for example, is a reduction in compensation.

Debora Dragseth, President
Birgit Pruess, SBHE Faculty Advisor
Kenneth Hellevang, Legislative Sub-Committee

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TALKING PAPER ON
NORTH DAKOTA VETERANS EDUCATIONAL TRAINING PROGRAM
(UPDATE FOR ND SBHE AND ND DVA PRIOR TO THE 2019 NORTH DAKOTA LEGISLATIVE SESSION)

First, a few different **statistics on veterans the program has served** (as of Sept 2018):

- Since inception in FY14, 168 veterans have formally used VET college preparation services, with a much larger number not formally entering the program being counseled or advised regarding education options.
    - Of those 168, approx. 65 (39%) have completed or are still actively working on a 2-year, 4-year, or advanced degree.
    - 47 of 168 (28%) began college but did not complete a degree and are not currently enrolled anywhere. We feel this shows a need for stronger support programs for student veterans while enrolled in college, in addition to the VET college preparation program.
    - 59 of 168 (35%) have not yet enrolled in any college after starting VET.
- In the most recent completed budget cycle (FY16/17), we started 70 new students, of which 34 (49%) have completed or are still actively working on a 2-year, 4-year, or advanced degree.
- Halfway through the current budget cycle (FY 18/19), we had started 28 new students, of which 14 (50%) have completed or are still actively working on a 2-year, 4-year, or advanced degree.

Trying to apply limited resources where we thought they would do the most good, we've **adjusted the program's efforts** a bit since the beginning of AY19 **to support student veterans that are already enrolled in school.** Mainly these new efforts have been focused on NDSU as a test-bed, with the goal of standardizing some of the most effective practices at all colleges and universities in the state. VET's site at UND has already been focused more on serving the currently enrolled military-connected student population at UND than on getting veterans into college.

- In fall semester 2018, NDSU requested academic progress reports from instructors on military-connected students, similar to what is requested of student athletes and other at-risk populations. The VET coordinator followed up on students with grade and attendance issues with supportive resource referrals. We think this is a practice that could be implemented at other schools, using the tracking tools they have available.
- The VET coordinator assisted the effort to establish a supportive student veteran organization on the NDSU campus.
- NDSU is pursuing efforts to institutionalize the US Dept of Education's "8 Keys to Veteran Success" principles, with the goal of sharing effective processes with other state schools.

VET's budget was reduced in the 2018/19 budget cycle, and we weren't able to add additional satellite service sites as hoped. We reduced staff from 2 FTE employees to 1.5. Despite this, we tried to maintain capability to **provide college prep service to veterans outside of the Grand Forks and Fargo areas:**

- We revitalized our online tutoring services
    - In spring/summer 2017, we temporarily hired a curriculum developer to create a user-friendly interface for tutoring online students.

Updated 31 Dec 18 by Jim Stoddard, Project Coordinator
James.stoddard@ndsu.edu, (701) 231-9706

- From fall 2017 through spring 2018, we had a graduate assistant dedicated to outreach and tutoring to online students. Currently, this is performed by an undergraduate student tutor.
  - Our GA conducted a few different recruiting campaigns, contacting Admissions officials and School Certifying Officials at all ND colleges and universities to make them aware of this service, and inviting them to refer any students who could benefit to us.

- In fall 2017, the VET coordinator presented information about the online tutoring capability at the statewide CVSO training conference in Fargo to ensure awareness that the service is available statewide.
- In spring 2018, we had the University System office send out an e-mail to all applicants that had indicated veteran status on their common application to let them know about VET college preparation services through the online platform in advance of them starting school.

Please feel free to contact me with any questions, and thank you for your continued advocacy and support.

Jim Stoddard
Project Coordinator, Veterans Educational Training
Student Success Programs
NORTH DAKOTA STATE UNIVERSITY
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North Dakota University System

Biennial Review

2017-2019

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Inside Cover: Bismarck State College recently expanded on its longtime reputation as one of the top community colleges in the region through growth of its mission. The college will be pursuing changes that will make it the first Polytechnic in the state, which will mean the ability to provided expanded training in the trades as well as filling the growing category of "Middle Skills" jobs.

Top: At Dakota College at Bottineau, nursing students are offered a top-quality education through the Dakota Nursing Program. This multi-school consortium has continually provided students who tested above and beyond national rates, earning a 100 percent first-time pass rate in 2016 and 2017 for the PN program. That ensures all the future nurses the DNP trains meet N.D.'s health care needs.

State Board of Higher Education

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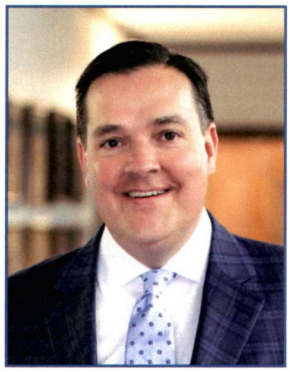
The State Board of Higher Education is the policy-setting and advocacy body for the NDUS and the governing body for it's 11 colleges and universities. It also oversees the NDSU Extension Service and Agricultural Research Stations, Northern Crops Institute, State Forest Service and the Upper Great Plans Transportation Institute. The SBHE is made up of seven citizen members appointed to four-year terms by the governor and one student appointed by the governor to serve a one-year term. The Council of College Faculties selects the board's non-voting faculty advisor, and the NDUS Staff Senate selects the board's non-voting staff advisor.



Don Morton
Chair, SBHE



Ashley Zarling
Student Member



Dan Traynor
Member



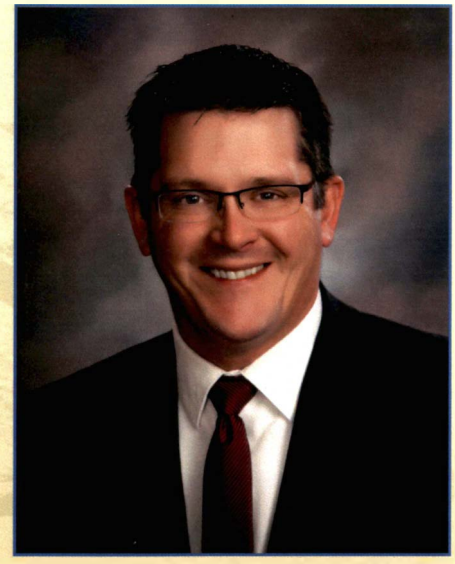
Jill Louters
Member



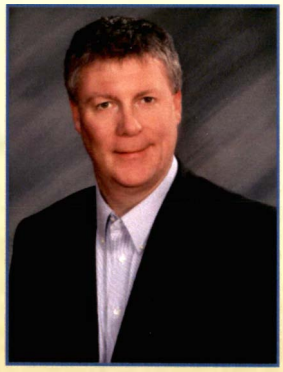
Dr. Casey Ryan
Member



Kathy Neset
Member



Nick Hacker
Vice Chair, SBHE



Andy Wakeford
Staff Adviser



Birgit Pruess, Ph.D.
Faculty Adviser

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Photo Courtesy of N.D. Dept. of Tourism

"Our job as a system of higher education is to maximize the opportunities for student success. The high standards throughout our 11 colleges and universities show that we're doing exactly that."

Mark R. Hagerott, Ph.D.
Chancellor
North Dakota University System

Looking forward

Thank you for taking time to read about the North Dakota University System (NDUS) and your State Board of Higher Education (SBHE) goals and plans for today and the future. As recent trends have shown both here in North Dakota and across the nation, higher education has never been so important and essential to creating new knowledge, improving the welfare of our students and citizenry, and in transforming our business workforce.

Our state's unified university system continues to respond at speed and scale to the needs of the state, while at the same time allowing remarkable latitude for campus-level innovation. Our state has among the most successful transfer rates of students in the nation. Two community colleges are now ranked in the top 25 in the nation for graduation rates; one research university has achieved national ranking as an online innovator; and all campuses are continuing to adapt to changing student and workforce needs.

We thank all our supporters, our Governor, and especially our legislators who have provided the means to build and maintain our system of colleges and universities. But make no mistake, while there is much good going on, the need to continue to adapt and innovate is urgent and relentless, and your State Board of Higher Education has just completed a two year listening-planning process called Envision 2030 to better understand this need.

As always, the SBHE puts student learning first, and appreciates the faculty as they continuously improve and adapt to students in the classroom. But there are now new needs to be addressed. What are a couple of the most important of these new developments?

First, the NDUS must help the western parts of our state respond to the massive Bakken disruption. Unlike many depopulating rural states, the demand for higher education services is strong in all four corners of North Dakota, but most urgent in the west.

To that end, the SBHE has approved highly innovative models to be prototyped at two western campuses, the Polytechnic at Bismarck State College and a Dual Mission Model where expanded certificates, two year, and four programs will be offered in an integrated fashion at Dickinson State University.

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Each of the 11 public colleges and universities within NDUS operates as part of a team - a system of higher education devoted to giving students of all kinds the education they want, where and when they want it, from trades to two-year degrees to four-year and doctoral programs, NDUS has what you're looking for.

A second major driver is digitization that will affect how people live, learn, create knowledge, and do business. Across the nation, massive reinvestment is occurring in technology programs both for research and for workforce. Our state is highly technical from oil fields, to wheat fields, but also to Air Force bases and to our larger cities abounding with growing tech companies.

The SBHE and NDUS understand this new need and our campuses are teaming together in an integrated effort to develop programs in robotics/UAS, digital analytics, and cybersecurity, to name but a few. The SBHE is also committed to pushing campuses to do more via distance education to help our more isolated, rural-AG workforces.

Yet there are other major challenges to be confronted. A first challenge is accelerating competition for future students and talented faculty and staff; the second is attaining and maintaining adequate and stable funding for North Dakotan's colleges and universities. Let me offer some analogies to how our grandparents met the challenges of their day, which might provide inspiration to our efforts today.

North Dakota has always been mindful to protect our precious resources. From the fertile fields of the Red River Valley (and beyond) to the beef ranching operations throughout the state, the rich lignite deposits of Coal Country, and the river systems that intertwine among them all, North Dakota has a heritage of protecting that which brings it prosperity.

This heritage is on display when we take to the road, and can see shelter belts where trees historically had not stood before. Our grandparents planted these rows of trees in response to the Dust Bowl Conditions of the 1930s, to hold our natural resources of soil in the face of changed weather patterns involving dry conditions and high winds.

But these belts now serve a second purpose: a visible reminder of human adaptation, that should inspire this generation to adapt to the winds of change that are beginning to blow again.

But these winds are different. This time, the change is the regional energy transformation in the west, but perhaps more challenging, digital technologies and the consequences they bring for competition, mobility, and business disruption across the entire state.

Higher education is at the center of this challenge-adapt dynamic and now we need professors, staff, and financial resources combined in innovative ways to meet the winds of change.

Continued, next page

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As the forces of digitization have progressed, information has become more readily prevalent and available to everyone, and young people have grown up with that as a common, basic feature to their lives. These "digital natives", which is beginning to include younger faculty and staff, are very mobile and can chase their dreams across the region or the country, especially when faced with uncertainty at home.

What do I mean by uncertainty in the context of North Dakota higher education? Financial uncertainty. While our 11 public colleges and universities have more successes than I have the space to list here, funding cut backs place a question mark in the minds of faculty, staff, and students about the future. They have faced cutbacks for three years, and fear more may be on the way. How significant have been the cutbacks?



Each of the 11 colleges and universities offer programs sought by students and workforce alike. From welding certificates to degrees in manufacturing engineering and more, the university system likely has what you, or your future bosses, are looking for.

In the past few years, budget shortfalls have compelled campuses to reduce staff and faculty positions by almost 700. These are historic reductions, unparalleled since the Great Depression. In order to protect students and graduate them on time, campus leaders had to place substantially greater burdens on staff and faculty.

Over time, the increased demands have had a negative effect on workforce morale that has resulted in the loss of many talented educators. These financial and personal reductions cannot but help to affect the environment within classrooms and programs.

While faculty and staff have shielded students from the most negative consequences, future students and their parents are informed consumers and may increasingly choose programs out-of-state, where there is more financial stability and certainty, with the result that our workforce will face even greater shortages.

Not only might our state lose prospective students, but it is difficult to recruit and retain quality faculty, staff, and new students who have read of the volatility that arises from a commodity based economy.

So, what has the SBHE done in the face of this challenge? Our approach has been two fold, one in the immediate term, a second for the longer term.

Most urgently, the Board is asking for stable funding in this upcoming Biennium combined with a modest pay raise and financial incentives for innovation. Researchers, teachers, and staff who are especially talented in areas of emerging technology and knowledge need to know that we value them as transformative agents, and that the SBHE will make additional funding available for such innovators.

But, we have also come to realize the need to assure faculty, staff, parents, students, (and businesses that require skilled workforce) that this roller-coaster of higher education funding will eventually smooth out.

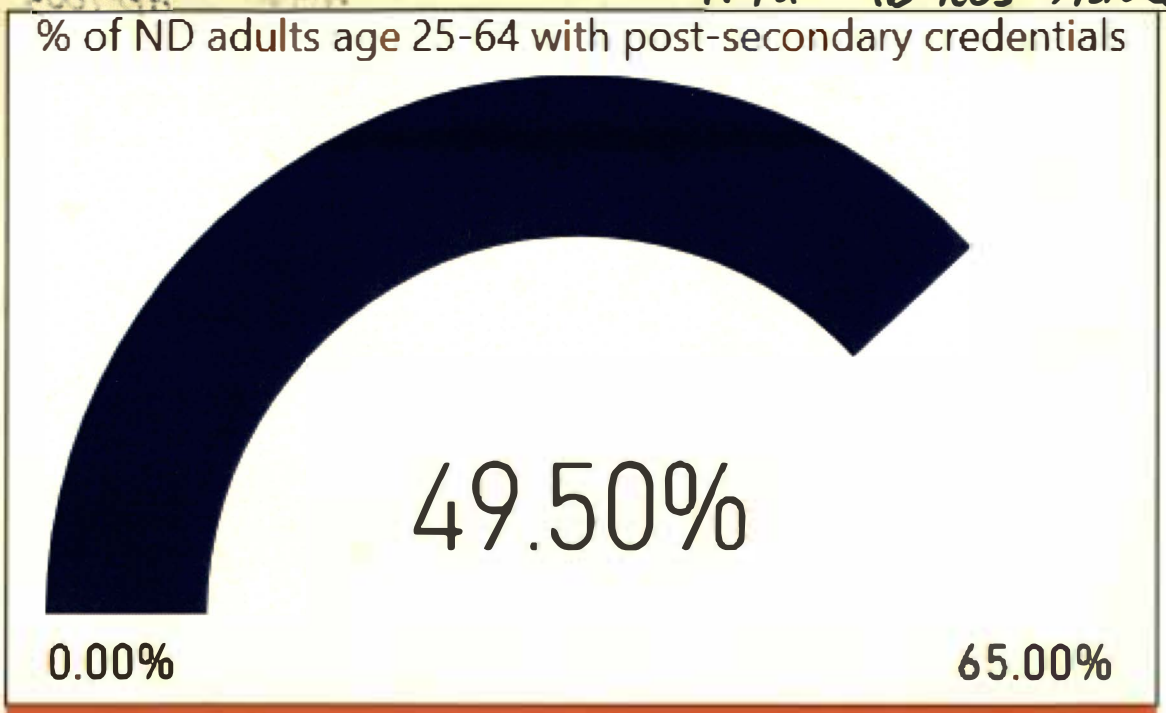
Long-term funding stability is a necessity and would serve as protection against the winds of change compelling out-migration of our most valuable resources: our people.

With this longer view in mind, the SBHE has proposed to conduct a joint study with the legislature of a Higher Education Stabilization Fund to serve a sort of budgetary 'shelter belt' for our state's public, post-secondary schools, to be in place by 2030. Such a concept has precedent in our state and in our nation,

1

and in fact, similar funds support the North Dakota K12 system, and support higher education systems in several resource-rich states.

In these other energy states, they have learned to use a 'one time' harvest of energy resources to build up a renewable resource, the valuable human capital in the state. They have come to know how important it is to provide a stable environment for educational opportunity to take root, and to grow.



Post-secondary attainment - or, the number of individuals who have some type of education beyond high school - is on the rise. Numerous reports note that the future will see an increase in demand from business and industry for more highly-trained employees - up to 60 percent by 2025. The State Board of Higher Education is aiming for an aspirational goal of 65 percent attainment here in N.D. in that same timeframe.

In closing, I want to thank the people of North Dakota for building a highly effective system of education in our state.

I want to assure North Dakotan's that the campuses and Board and system staff continue to adapt, but to be clear that reduced funding could negatively impact our students, our work force, and the creation of an advanced, diversified economy.

For the reader who wants to learn more about the SBHE goals for your university system, the following sections can provide additional information.

NORTH DAKOTA
UNIVERSITY SYSTEM

ACCESS. INNOVATION. EXCELLENCE.

AH 2 HB 1003 1/15/2019

Deliver degrees that are the best value in the nation

The Board's plan for ensuring that NDUS degrees are the best value in the nation includes the following strategies:

- Ensure the price to attend NDUS institutions is clearly stated and regionally competitive.
- Standardize categories of mandatory fees and strengthen fee policies.
- Increase the use of open educational resources.

In determining the priorities of the strategic plan, affordability is at the top. Discussions have involved price, as well as quality. We want to ensure that students throughout the university system's 11 public colleges and universities receive the largest possible return on investment.

The cost of obtaining an education in North Dakota is already favorable when compared to regional and national rates. Tuition and fee averages for doctoral universities in NDUS is $8,995, compared to the regional average of $9,507 per year. Our master's degree is $7,064, below the regional average of $7,994. An average bachelor's degree here is $6,754, compared to the regional rate of $7,638. The exception is the NDUS community colleges, where the regional average is $4,149 and ours is slightly higher at $4,790.

Affordability strategies have been implemented throughout the system, and they're bringing the Board's commitment to financial responsibility to fruition. One strategy, which involves Open Educational Resources, has saved students millions of dollars in textbook costs. Training opportunities were conducted through the system office through grants funded by the N.D. Legislative Assembly. Those activities have resulted in savings opportunities for students.

The strategy found implementation with widespread support from the state legislature. Mayville State University, University of North Dakota and Valley City State University saved students more than $1 million just two semesters after implementing OER in only a handful of classes. Faculty are looking at ways to expand OER use where possible to help increase the amount of savings for students.

The open educational resources that have been implemented on those campuses are electronic textbooks vetted by the University of Minnesota, and other classroom tools, that provide interactive, comprehensive experience that today's students deserve.



Since 1918, Dickinson State University has been preparing passionate, engaged educators to serve the region. The faculty work closely with prospective teachers to cultivate the critical thinking skills, patience, and caring common to all successful educators. Now, the university will seek to expand its role through a "Dual Mission" model that provides two- and four-year offerings.

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In order to meet the "best value" goal, the SBHE directed itself toward the following.
Standardize categories of mandatory fees and strengthen fee policies relative to charge, use, approval and oversight.

To that end, the Board:
Developed a plan for fee mergers, common naming and fee structures;
Approved standardized tuition model principles;
Approved implementation plans for all 11 public colleges and universities.

"NDUS is vital to the future of the state; it [is] a model for the nation in providing accessible, affordable public education."
– Faculty/Staff Survey



Lake Region State College was ranked 20th out of 762 two-year colleges in a recent report by the Chronicle of Higher Education. Institutions were ranked according to the number of first time, full-time students who started the fall of 2013 and completed either a degree or certificate within a three-year time period.

LRSC was more than double the national average.

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Provide programs people want, where and when they want them

This plan helps guide the NDUS to:

• Ensure programs are relevant, valuable and timely.

• Meet N.D.'s workforce needs through recruitment of students from traditional and non-traditional audiences, both in and out-of-state.

• Expand access to instructional opportunities through non-traditional delivery methods.

Accessibility and availability were among the priorities determined by the SBHE for the university system. Ensuring those priorities remain no matter how the economic climate of the state changes will have long-lasting and expansive implications for student success in N.D.

Our institutions have a history of working closely with partners in business and industry to provide a curriculum to our students that provides as much background and theory in our many programs as it does in providing practical skills. The relationships that have been fostered through the decades between our institutions and companies throughout the state continue to enable student success. When they graduate, our students find themselves with opportunity to succeed wherever they may go.

Working collaboratively with business, industry, and other campuses enables our institutions to seamlessly meet students' needs as a team, while at the very same time fulfilling their own unique missions.

The 2018 fall enrollment report showed that 56 percent of NDUS undergraduates listed their home state as North Dakota, 30 percent listed Minnesota, Montana and South Dakota, and the remaining students were from other states and international locations. Needs identified in the NDUS facilities master plan and in Job Service North Dakota's 10-year job projections indicate that student recruitment is essential to fulfill the needs of our state. Research shows students who are educated in the state are more likely to seek employment here, and businesses are aggressively recruiting our students.

Program takeaways:

Master of Arts in Teaching expanded.

Polytechnic, Dual Mission models encouraged.

Online and hybrid offerings increased.

Systemwide Content Management System rolled out.

The Workforce Education and Advisory Council and NDUS coordinated efforts in 2016-17 to find trends identifying when and where workforce needs and education intersect, noting that well-rounded graduates would be in the highest demand well into the future. Findings by the Workforce Development Council indicated in its 2018 report that "Middle Skills" jobs would be especially vital to the near-future of North Dakota's economic and workforce needs. Data released during workforce-related summits showed a potential increase in jobs in the next decade - growth that could bring as many as 100,000 new positions to the state.



Based upon established relationships with various two-year colleges and industry partners, Mayville State University's online RN-to-BSN program will continue to assist with expanding the level of education for registered nurses across the state.



Minot State University values its tradition of educating elementary, middle school and secondary teachers. Education majors work with students in classrooms at multiple points during their studies, beginning the first semester, allowing them to gain experience with different age groups in a hands-on approach in preparation for teaching students.

Business leaders highlight being "fast and flexible in the delivery of educational offerings" as vital for students and the workforce, and that well-rounded students make flexible employees. A flexible system can move quickly toward meeting the needs of students. It can also help members of the workforce to quickly retool their skillset to meet the demands of an evolving economy.

One example is with the Master of Arts in Teaching graduate degree, which is being offered throughout the system. While it was first offered at Minot State University, the degree is now available at Mayville State University and Valley City State University as well. This program will provide further education to today's teachers and for those members of the workforce who want to train students in their own specialty.

In the past three years, enrollment in online and Interactive Video Network-delivered courses has increased steadily, by nearly 10 percent. With more collaborative efforts on the horizon, that number is sure to allow more people to access our academic programs than ever before.

In the fall of 2015, Bismarck State College and North Dakota State College of Science launched a Pharmacy Tech program partnership to help address workforce needs and deliver valuable job training to interested students. The program includes face-to-face general education classes at BSC combined with video format for NDSCS classes. The collaborative program includes classroom time, laboratory time and practical experience that has resulted in a 100-percent placement rate.

"We've heard loudly and clearly that classes need to be taught when students can take them. Students try to work full-time and go to school full-time; they need flexibility rather than 9 a.m. to 3 p.m."
-Business Leader interview

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Equip students for success

"Our focus is the whole student because they're here for more than classes. We're interested in developing well-rounded individuals, and lots of people on our campus understand this. They care about... the whole person." - NDUS Staff interview

After extensive consultation and deliberation, the Board implemented the following strategies:

- Improve admissions standards.
- Increase students' overall attainment rates.
- Streamline registering and advising transfer students.

Previously, considerable and exhaustive study had gone into student success, particularly in the subject areas of admissions standards and retention and graduation rates. The NDUS continues to collaborate with the Department of Public Instruction to work toward a future where the transition between high school graduation and the first day of a student's freshman year of college are as seamless as can be. New tools have been implemented throughout the system that will help advisors and counselors intervene on a student's behalf faster than ever. These tools, combined with university system dashboards, provide a data-based foundation from which challenges can be systematically met.

Other measures were implemented in recent years that helped track progress in a number of areas, including improved retention rates for first-time, full-time students; improved four-year and six-year graduation rates; the number of degrees awarded to Pell Grant recipients; and exceeding national averages for first-time pass rates on professional licensure exams.

While those numbers are useful for measuring outcomes and progress over time, student success is bolstered by much more. Student-to-faculty ratios, classroom sizes, and course delivery methods are vital to today's student. Thanks to our three-tiered system of colleges and universities, our students have a diverse range of options from which to choose.

Student Goal takeaways:

Transfer among NDUS institutions easier than ever.

Encourage strengthened student services.

Implement adaptive CMS for more responsive programming.

Encourage expanded digital offerings where/when appropriate.

Opposite page, top: North Dakota State College of Science offers degrees, certificates and diplomas in more than 80 academic options in traditional career and technical studies as well as liberal arts.

Opposite page, bottom: North Dakota State University is a student-focused, land-grant, research university. NDSU is listed in the National Science Foundation's top 100 in several areas, including: agricultural sciences, social sciences, physical sciences, chemistry, psychology and computer sciences. In May 2016, the university renamed its Science, Technology, Engineering and Mathematics facility the A. Glenn Hill Center, after one of its former professors who had a profound impact on generations of STEM students through a four-decade career at NDSU.

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Maximize the strengths of our unified system

The Board's approval of its five-year strategic plan involved numerous recommendations for strengthening North Dakota's system of higher education.

- Strengthen academic collaboration among the institutions.
- Create efficiencies through shared programs and services where cost-savings and/or performance enhancements are achievable.
- Strengthen the system's ability to respond quickly to changing needs.
- Enhance the research reputation of the research institutions.

Each campus within the North Dakota University System has its own mission and its own unique set of programs. Those characteristics can be advantageous for the campuses and their communities, but especially the students.

"Eleven campuses working co-operatively within one system to provide access to quality education for residents and non-residents - that's opportunity."
-NDUS Staff/Faculty survey

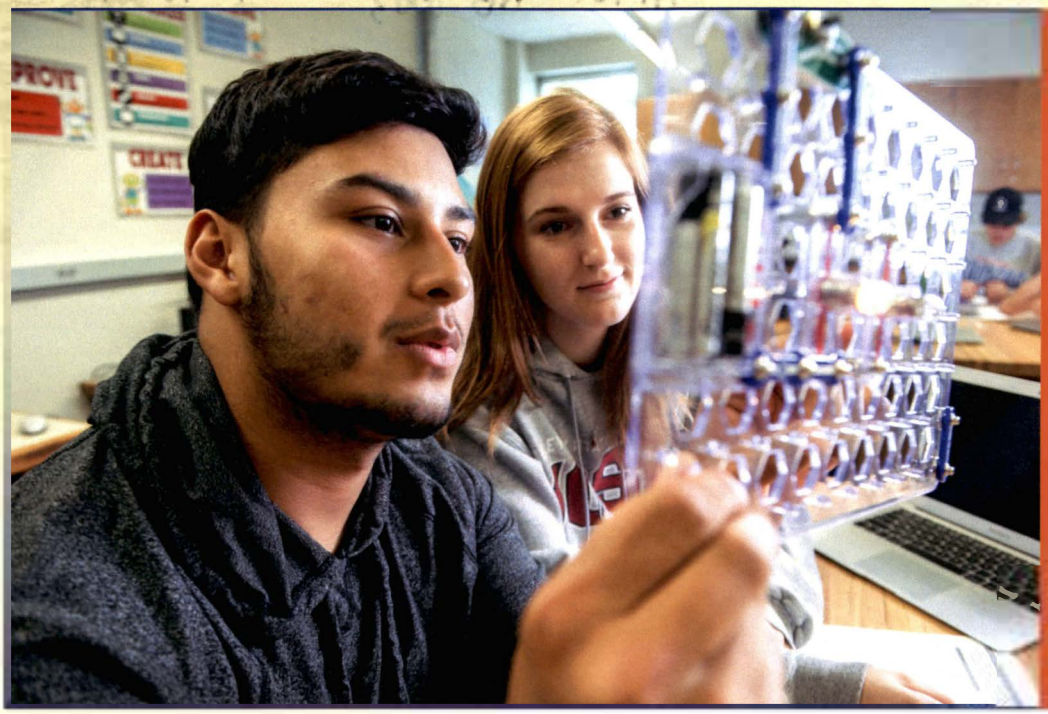
However, there are even more advantages when the members of this group work together as a system. Advances in shared services and collaboration have propelled the system forward and proven how much can be done by a unified team. More efforts are likely to be found in the near future to help maximize that team effort and get the largest return on investment possible.

As an example, collaborative research efforts have moved forward significantly in Unmanned Aerial Systems, with staff and faculty at NDSU and UND focused on new technology and its many applications.



A University of North Dakota student works in the 360 degree air traffic control simulator in Clifford Hall. A large lab at the center of Clifford hall houses UND's 360° MaxSim® Tower/Radar system. The simulator consists of a 360° view with four synchronized radar positions and a surround-sound effect system. The tower simulator may be used in combination with the four radar positions, or the tower and the radar simulators may be run separately on different scenarios.

Att 2 HB 1003 1/13/2017



As one of the state's first colleges, Valley City State University continues its 128-year tradition of being a teacher's college through the instruction of Arts, Biology, Business/Business Administration, Career and Technical, Chemistry, Elementary, English, Health, History, Mathematics, Music, Physical, Social Science, and Techology educations. Additionally, VCSU offers two graduate programs completely online for those educators who strive for higher-level credentials.

Academic collaboration and administrative shared services are a constant focus across the system. The implementation of Strategic Planning Online offers instantaneous access to systemwide data. Numerous memoranda-of-understandings have formalized collaboration in many areas. For instance, Dickinson State University and Minot State University each provide bachelor degree opportunities on the BSC campus. Similar agreements exist between North Dakota State College of Science and North Dakota State University, and between Mayville State University and University of North Dakota. Other offerings, like the Dakota Nursing Program, create a statewide academic training consortium where nursing faculty at one institution can help train nursing students at another.

New collaborative programs are announced each semester, all with one common goal in mind – to deliver the programs that students need, when and where they need them, and do so as a unified system. Starting in the spring of 2017, Dakota College at Bottineau and Williston State College began offering a collaborative program aimed at training new medical assistants to address health care industry needs. A similar partnership among Bismarck State College, Mayville State University and Dickinson State University allows future educators to take coursework in early childhood education.

Further efforts have been made to increase collaboration on the technical side of things. Core Technology Services, the organization within university system that provides IT services, has elevated collaboration to a technical art form to create efficiencies of process and standardized data systems throughout the 11 colleges and universities. Among the major projects: standardization of email accounts and implementation of a systemwide Content Management System.

Additionally, a systemwide facilities master plan gives the Board a long-term tracking system that keeps one eye on the ground, and one eye toward the future, for the many facilities that exist on the campuses. It also provides legislators with an easy, accessible document that helps streamline the process across a unified system.

One notable milestone in collaboration and accountability was the creation of the strategic plan's "NDUS Dashboards," which serve as public repositories for real-time data related to higher education in N.D. The Dashboards were launched to replace a yearly, static document on accountability measures with a far more dynamic, up-to-the-minute analytics tool available to the public anytime, anywhere.

As part of NDUS's effort to streamline workflow, more than 150 policies and procedures have been standardized since 2014. That widespread standardization allows for our institutions to be more nimble, while still operating within an effective statewide framework.

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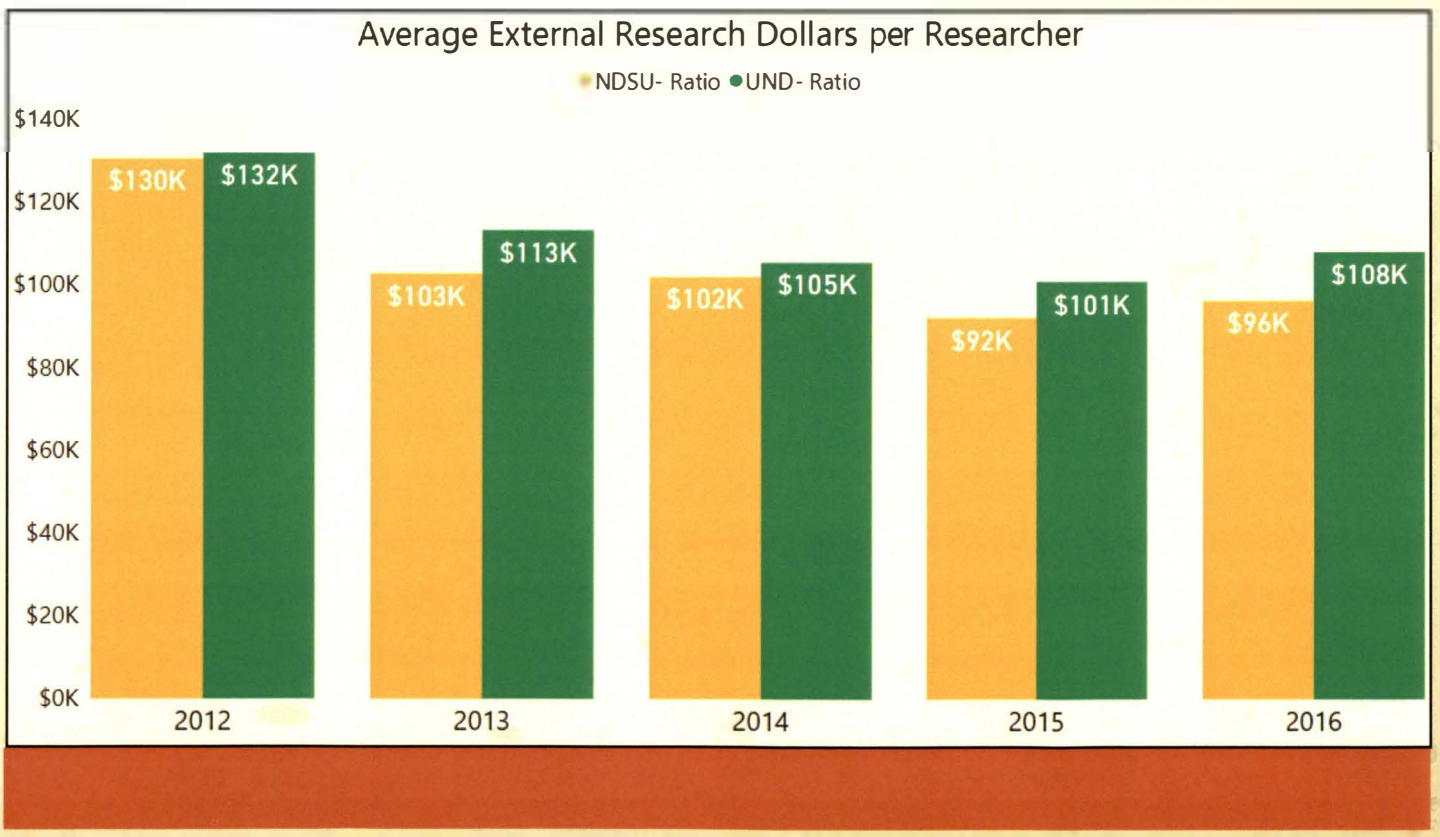
Research Excellence and Innovation

As funding for university research has decreased on a national scale, it was clear to the SBHE that renewed support was needed for research activity within the university system. In September 2017, Goal 5: Research Excellence and Innovation, was added to the NDUS strategic plan in order to foster the research ecosystem that exists within the state. In addition to the established research activity at the University of North Dakota and North Dakota State University, Goal 5 aims to further cross-sector collaborations in the research space at all 11 institutions as opportunities arise. Not only will this effort provide economic benefit to the institutions and their local communities, but to the entire state of North Dakota.

"There is exceptional research infrastructure in place; new partnerships underway; and world-class opportunities available for undergraduate, graduate, faculty and staff researchers and those engaged in creative pursuits."
-Research survey



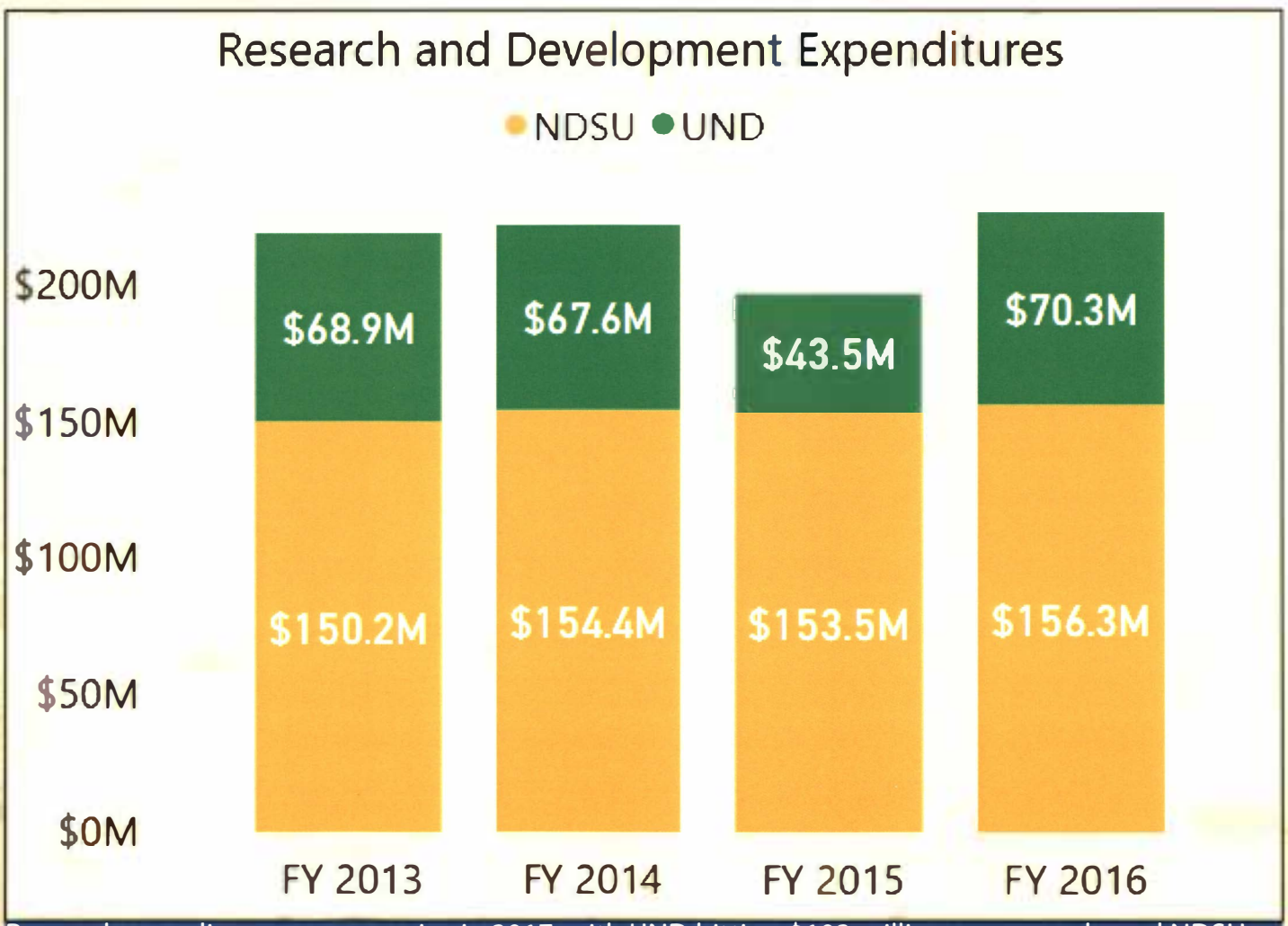


Research takeaways:
More than 1,400 articles written in peer-reviewed publications;

More than 900 grants awarded;

More than 250 honors/ awardes received;

Major progress is underway on cybersecurity, high performance computing, and unmanned aerial systems due to innovative work by researchers, and public/ private partnerships.



Research spending saw some gains in 2017, with UND hitting $102 million on research, and NDSU maintaining its spending of more than $153 million.

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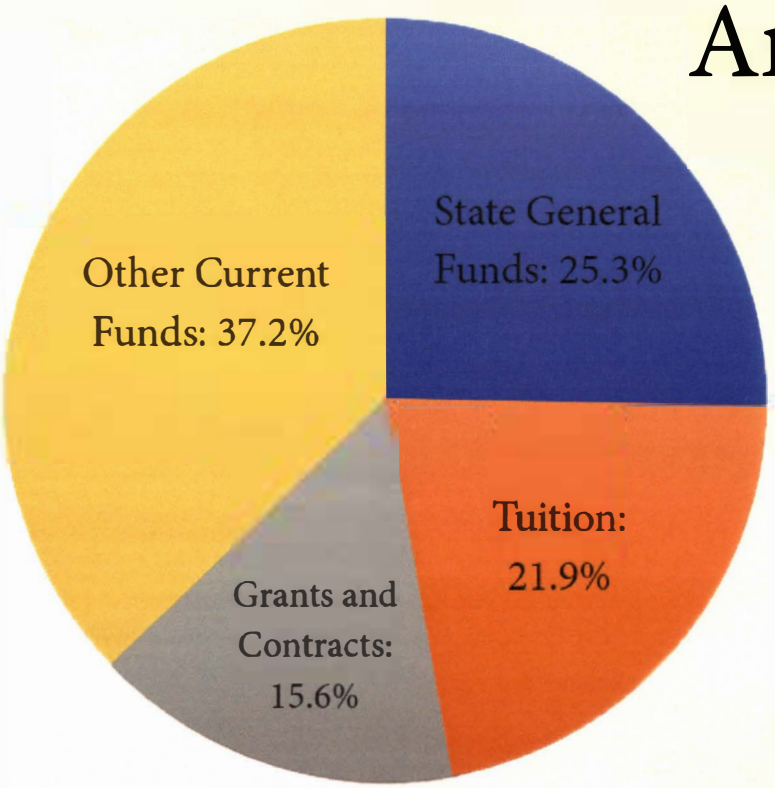
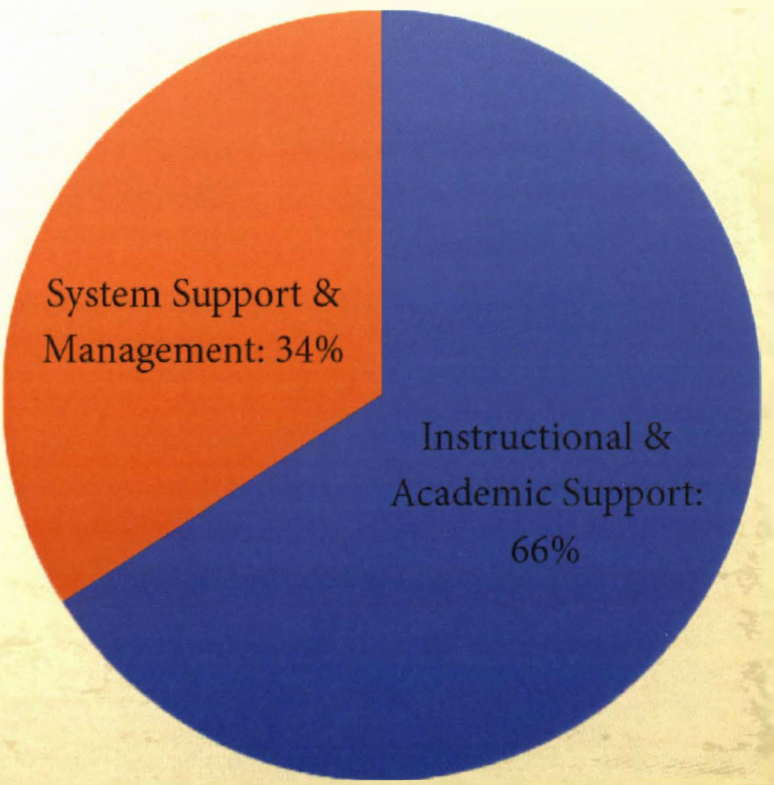
Financial Snapshot

2017-2018 Annual Budget



2018-19 Salary Expenditures



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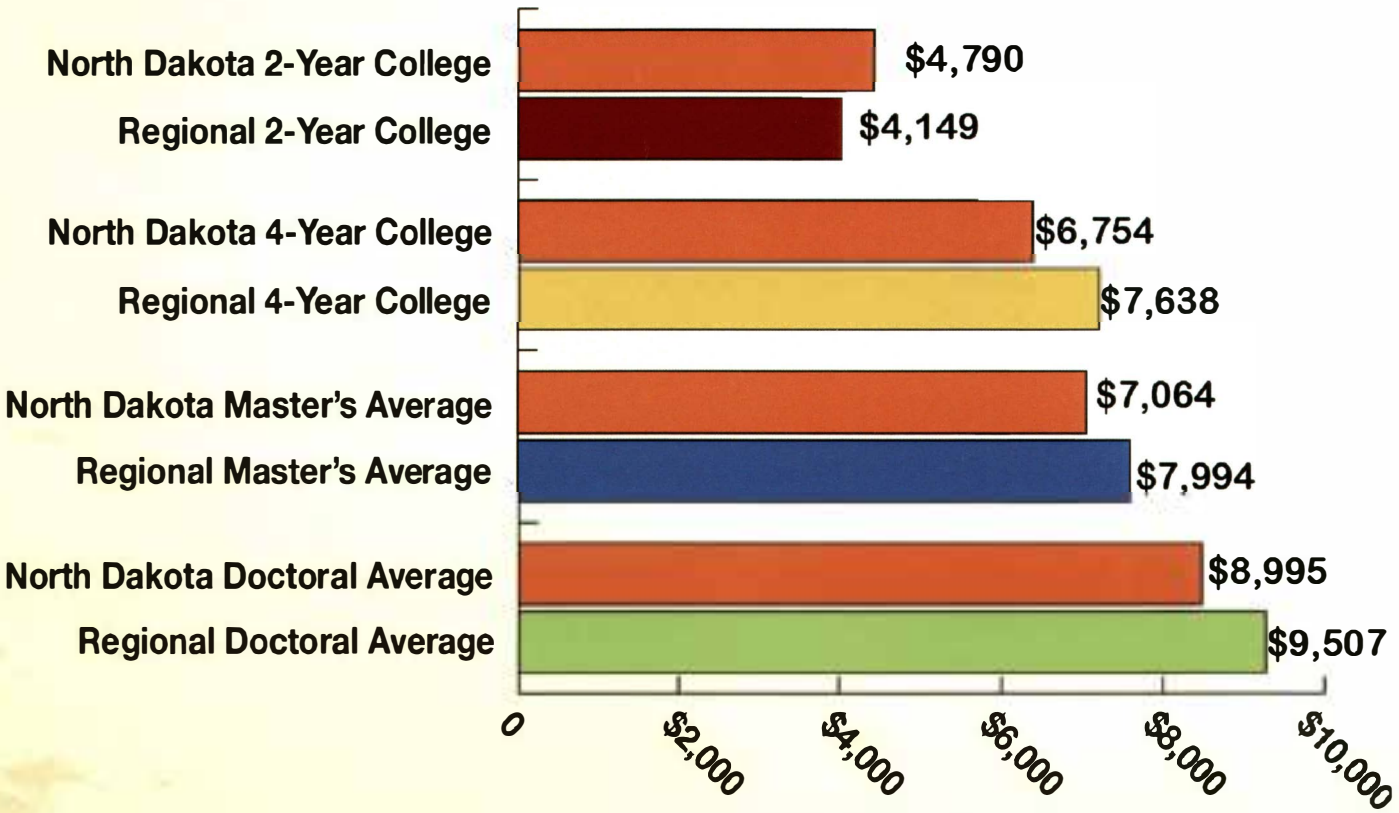
Tuition Snapshot

2017-18 Academic Year North Dakota Tuition & Fees vs. Regional Averages



Data Sources: "Tuition and Fees in Public Higher Education in the WEST" "2017-18 detailed data tables" WICHE report. (All states except North Dakota and Minnesota); Minnesota rates from http://www.ohe.state.mn.us/sPages/TuitionChart.cfm?State=MN&pageID=651; North Dakota rates from 2017-18 Institutional Charges Schedule; U.S. Census Bureau, 2016 American Community Survey (ACS) One-Year Public Use Microdata Sample (PUMS) File (Provided by NCHEMS)

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Studying long-term needs

After substantial work, five task forces have provided major recommendations for the university system's future work.

The task forces were brought to life from the legislative mandate in Senate Bill 2003, and got to work in October 2017 by organizing for the first time at Lake Region State College. During one afternoon session, the five groups narrowed their respective focuses to dig deep into topics that each hold promise of finding further efficiencies in our system.

Each did so with a specific topic in mind: Alignment and Articulation; Technical Programs and Workforce Needs; Common Enrollment Management Systems; Business and Shared Services; and Academic Programs.

Each of the task forces submitted relatively detailed reports in June 2018.

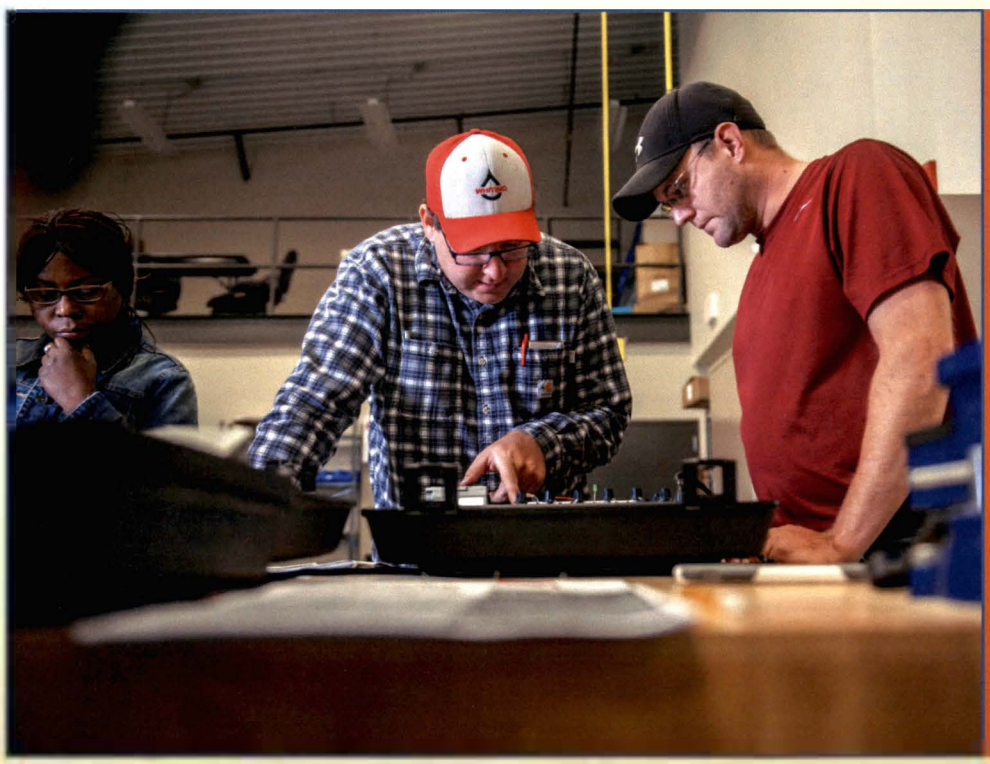
In forming task forces and setting them to work, it's always a risk that certain previous efforts may be duplicated. However, NDUS remained fortunate in that these five groups had access to previous studies and reports created by the academic, business, and legislative bodies. This wealth of information provides great opportunity for comparative analysis of what works, and what doesn't.

Alignment and Articulation:

The Secondary and Post-Secondary alignment task force reported that feedback had been gathered regarding how to better suppot expansion of early entry/CTE/dual credit programs; continuing to expand/improve alignment among two- and four-year schools, including the creation of advising documents providing updated information on workforce options and readiness, and postsecondary opportunities; and the creation of College and Career Developmenet Coordinator positions to help facilitate these needs.

Technical Programs and Workforce Needs:
The Technical Programs and Workforce Needs task force recommended identifying additional ways to promote articulation and alignment of high school career technical education with postsecondary credentials; to create a dashboard that identifies access to programs and how they meet current high-demand jobs and where those programs don't exist in NDUS; and to identify pathways that might enhance offerings in high-demand jobs, and then develop a budget to meet that need.

Common Enrollment Management Systems:
The Common Enrollment Task Force reported on the need to



Williston State College's Petroleum Production program is adapting to meet the needs of an ever-changing industry. Likewise, WSC Foundation has adapted and is giving back through regional scholarships, which cover tuition and fees for eligible graduates of 10 local high schools who enroll and attend as a Teton.

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develop plans for: a common application form; a common application process; a unified application management system; and a unified financial aid verification process.

Business and Shared Services: The Business and Shared Services Task Force reported on needing to address and prepare plans for shared or unified: insitution administration; business services for accounting, accounts payable, accounts receivable, procurement, and human resources; business services for payroll; and any other functions that may be later identified.

Academic Programs: The Academic Programs Task Force noted that the system should examine a common course catalog for the 2-year colleges; a policy for class section sizes; processes for identifying programs that could be enhanced by program sharing; and devea plan for academic pathways.

When combined with the Chancellor's Cabinet Studies, the presidents' goals, and findings established from the consensus-building Envision 2030 effort, and studies conducted by both the Workforce Education Advisory Council and Workforce Development Council, these recommendations should serve the system well.

Studies takeaways:

Framework "Pathways" document to aid counseling and advising.

Shift to common enrollment and financial aid proccesses.

Consolidation of finance/ payroll operations.

Adoption of a two-year common course catalog.

Promote high school career technical education to post-secondary articulation.



Founded in 1890 as one of the state's first Normal Schools, Valley City State University continues its contribution to North Dakota teacher preparation with robust bachelor's programs in elementary education and secondary education, including art, music, and career and technical education, with online offerings in several disciplines. Two online master's programs provide opportunities for those in the work force to gain or augment teaching credentials.

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Envision 2030, and beyond

The Envision 2030 initiative moved steadily forward for the past two-and-a-half years. On its way, it was able to build consensus toward systemwide strategy.

Students, staff, faculty, administrators, legislators, business owners, industry representatives, agency heads and more helped shape the workforce-related conversation surrounding Agriculture, Energy, Health Care, Law and Legal Systems, Manufacturing and Technology; as well as shaping similar, student-focused conversations on Diversity, Liberal Arts & Humanities, Tomorrow's Student and the Whole Student.

While the overarching strategy of the initiative called for the first short-term goals to be realized by 2019, early successes were many.

Private and public partnerships were already increasing by the time Envision 2030 held its first summit, and continued with specialized publications being sent to public high schools in the state regarding public, post-secondary workforce opportunities on Ag, Energy, Manufacturing and Technology.

Additionally, it was found that much of the feedback generated by the Envision 2030 Advisory Groups - comprised of subject matter experts from all over the state within the aforementioned constituencices - offered in-depth datasets and complementary perspectives to the studies done by the legislatively-created Workforce Education Advisory Council, the Governor's Workforce Development Council, and the Senate Bill 2003 legislatively-mandated task forces.

Unsuprisingly, funding became a renewed focus for NDUS across all three studies, particularly in developing responsive programs to ensure our state's "Middle Skills" jobs needs were met, as well as to remain competitive across our research goals.

So, while NDUS found some early success in areas of standardization, collaboration and shared services, the path continues forward well into the future.

Ensure each tuition dollar a student spends goes further.

Encourage campus adaptability to regional markets.

Create more opportunities for student success in anticipation of workforce diversification and research needs.

Provide a solid foundation from which students may learn and faculty may educate by restoring higher education funding to 2015 levels.

Work with the legislature for the study of and eventual creation of a mechanism to buffer higher education from future commodity induced funding disruptions by 2030.



More than 200 of education's leaders kicked off the Envision 2030 summit in May 2016. The two years' worth of studies, discussions, listening sessions and advisory team reporting that followed shaped a distinctive set of goals for higher education in the state.

Perhaps more importantly, it connected the varied constituent groups, who were reminded that all who value education in the state do so because it provides opportunity for student - and state - success.

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NORTH DAKOTA
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NORTH DAKOTA
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ND University System Facts

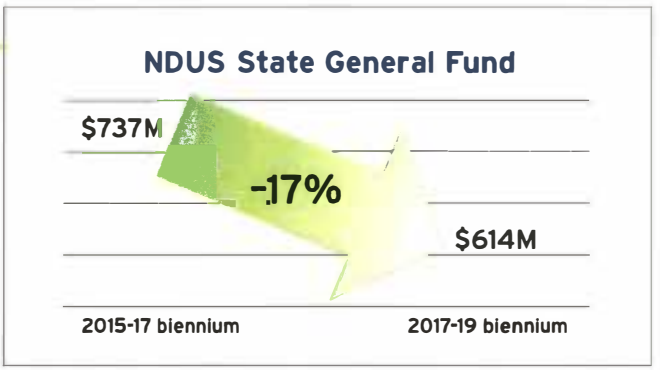
North Dakota voters established the State Board of Higher Education (SBHE) in 1939 to govern the 11 publicly funded institutions of the North Dakota University System. Twelve other states and territories use a similar, consolidated governing Board structure (Source: Education Commission of the states).

The SBHE carries out its constitutional responsibilities through a comprehensive set of policies. The Chancellor serves as the NDUS' chief executive officer. The Chancellor and the system office staff support the SBHE in developing public policy for the NDUS, in advocating on its behalf, and fostering shared governance and leadership throughout the system.

The SBHE governs 11 institutions: five two-year colleges, four regional universities, and two research universities.

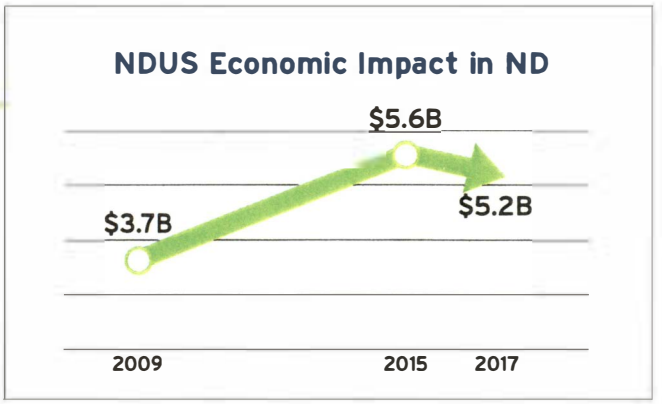
General Fund

The North Dakota University System's ongoing state general fund appropriation totaled $614 million during the 2017-19 biennium, which is a $123 million, or 17%, decrease from the original 2015-17 appropriation. State appropriation cuts coupled with previous budget allotments resulted in a reduction of nearly 700 positions across the system since January 2016. Reduction levels varied among the institutions, with most experiencing 18% - 19% cuts. The goal was to minimize the impact on students as much as possible.



Economic Impact

Total NDUS economic impact in North Dakota was $3.7 billion in FY2009 and $5.2 billion in FY2017 (Source: Economic Impact of NDUS, from NDSU Agribusiness and applied Economics Report, June 2017). Economic impact is comprised of direct NDUS expenditures, student living expenses, as well as the related secondary business activity.



By the Numbers

10,943
number of degrees awarded in 2017-18

45,882
Fall 2018 headcount enrollment

$6,754
2018-19 avg tuition and fees (4-yr rate); $7,638 - Regional average

27%
National higher ed cost increase from 2007-2017 [Higher Ed Pricing Index (HEPI)]

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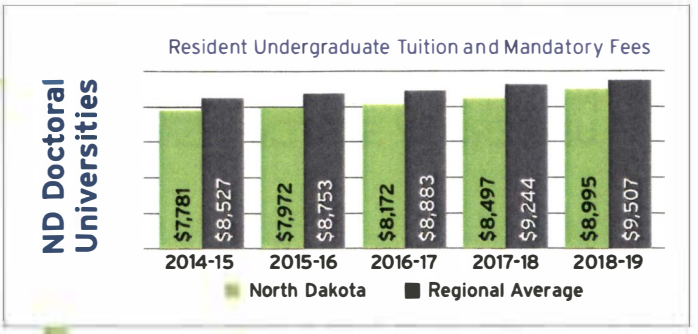
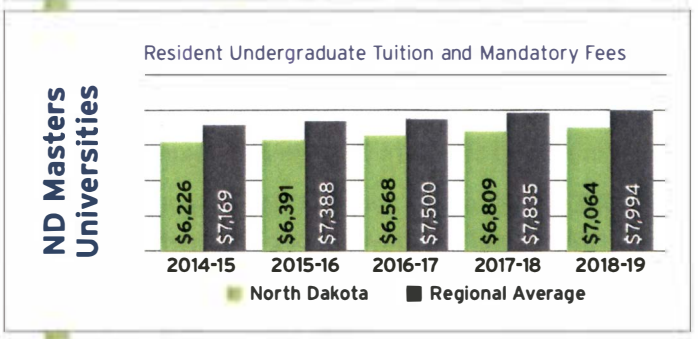
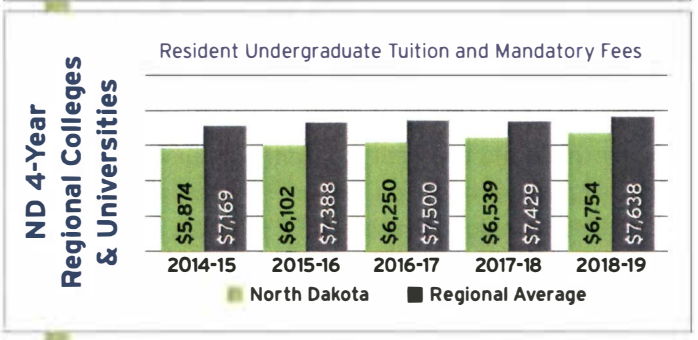
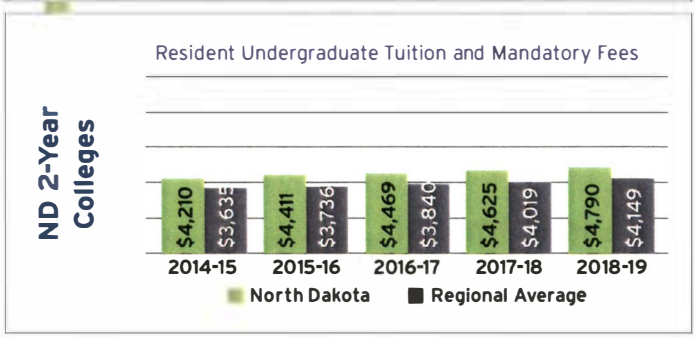
Tuition and Fees

- NDUS students have the lowest student loan default rate in the nation.
- NDUS students graduate with less debt on average than the rest of the nation.
- National student debt average was $30,100 in 2015, compared to $27,034 in North Dakota (NDUS Affordability report of 2017).
- Tuition and mandatory fees at ND research and four-year campuses are lower than regional and contiguous states' averages.
- ND two-year campus tuition and fee rates are higher than the regional averages and lower than the contiguous states averages.



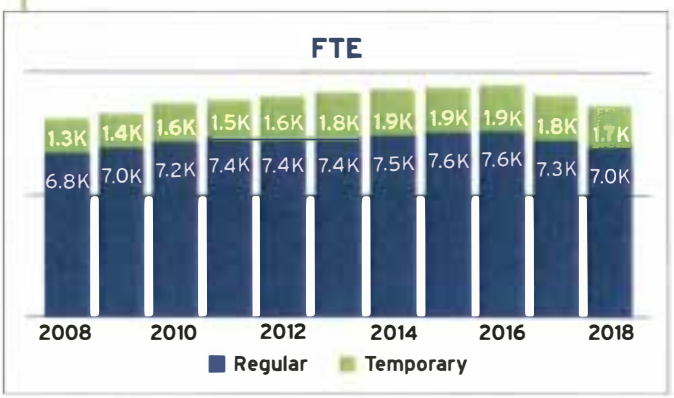






Employment Trends

This chart shows the overall employment trend of the NDUS for the past 10 years. The blue scale represents regular employees while the green scale represents temporary employees.



Envision effort in process since May 2016 has resulted in Board support for the following initiatives:

- **Taking care of people:** 4% raise for faculty and staff; re-affirmation of tenure
- **Stabilizing funding:** Exploring a funding stabilization mechanism for higher education
- **Adaptation to workforce needs:** Polytechnic model at Bismarck State College and Dual mission prototype at Dickinson State University
- **Access in the West:** Universities studying options to provide one-of-a-kind programs to students in the west such as: NDSU – Agriculture; UND – Energy, Law
- **Good stewardship:** Continue efforts for higher education operational efficiencies and shared services
- **Inclusion:** Improve relationships with ND tribal colleges
- **Focus on emerging technology:** New resources for innovative research and workforce programs

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2017-19 SB2003 Section 3; SB2196 Section 2 & SB2242 Section 1 - One Time Funding

NORTH DAKOTA UNIVERSITY SYSTEM

2017-19 MAJOR CAPITAL PROJECTS (Legislative Appropriation SB's 2003, 2196 & 2242)

Campus	Project	General Fund	Revenue Bonding	Other Funds	Total Bonding & Other Funds	Expenditures Through 12-31-2018	Estimated Unexpended balance at 6-30-19	Amount of balance at 6-30-19 Obligated	Project Completion Date
2017-19 Legislative Appropriation (SB 2003)									
UND	Chester Fritz Library Renovation	$ -	$ -	$ 21,000,000	$ 21,000,000	$ 355,593	$ 19,000,000	$ 6,644,407	5/31/20
UND	Gamble Hall (College of Business) Renovation & Addition	-	-	70,000,000	70,000,000	-	70,000,000	-	TBD
NDSU	New residence hall	-	39,505,000	-	39,505,000	28,578,598	1,926,402	-	6/30/19
NDSU	Accreditation Project-Sudro Hall Addition/Renovation	-	-	28,000,000	28,000,000	5,700,712	17,499,288	17,499,288	12/31/19
NDSU	University Village Replacement - Phase I	-	10,000,000	-	10,000,000	9,291,213	208,787	-	6/30/19
	Campus Total (SB 2003)	$ -	$ 49,505,000	$ 119,000,000	$ 168,505,000				
2017-19 Legislative Appropriation (SB 2196)									
VCSU	Carbon Capture Building	$ -	$ 22,500,000	$ -	$ 22,500,000	$ 12,925	$ 22,420,000	$ -	6/30/21
2017-19 Legislative Appropriation (SB 2242)									
MiSU	Gordon B. Olson Library Art Center Project	$ -	$ -	$ 1,400,000	$ 1,400,000	$ 1,218,588	$ 181,412	$ -	6/30/18
MiSU	Herb Parker Stadium Air-Supported Seasonal Dome Project	-	-	634,000	634,000	618,140	15,860	-	12/31/17
MiSU	Facilities Building Parking Lot Paving and Project Completion	-	-	250,000	250,000	70,171	179,829	-	6/30/17
	MiSU Total (SB 2242)	$ -	$ -	$ 2,284,000	$ 2,284,000				

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2017-19 SB2003 Section 4 & 5 - One Time Funding			
North Dakota University System - Challenge Grant Summary			
Row Labels	**Total Available Per SB2003**	**Expenditures (as of 12/31/18)**	**Remaining Available Campus Specific Grant Award**
BSC	$ 200,000	$ 200,000	$ -
DCB	$ 200,000	$ 25,000	$ 175,000
MaSU	$ 200,000	$ 200,000	$ -
MiSU	$ 200,000	$ 200,000	$ -
NDSU	$ 200,000	$ 200,000	$ -
UND	$ 200,000	$ 200,000	$ -
NDSCS	$ 200,000	$ 200,000	$ -
LRSC	$ 200,000	$ 101,870	$ 98,130
VCSU	$ 200,000	$ 200,000	$ -
WSC	$ 200,000	$ 190,000	$ 10,000
Grand Total	$ 2,000,000	$ 1,716,870	$ 283,130
The Challenge Grant committee is meeting January 2019. All 2017-19 funds are anticipated to be expended by June 30, 2019.			

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2017-19 SB2003 Section 3 – One Time Funding

Institution operating distributions - $2,000,000

This distribution to the institutions was used for general operating expenses.

Institution	Operations Distribution
BSC	$ 124,374
LRSC	50,957
WSC	34,844
UND	763,665
NDSU	535,193
NDSCS	152,087
MaSU	56,913
MiSU	165,777
VCSU	86,596
DCB	29,594
Total	$ 2,000,000

2017-19 SB2003 Section 3 & 35 -One Time Funding

Two-year campus study - $40,000

In Senate Bill 2003, the 65th Legislative Assembly established a study to address five key areas, primarily for community colleges in the state. At its June strategic planning retreat, the SBHE expanded the study to include the entire university system. The areas include shared administration; shared services, including a common course catalog; articulation agreements that link elementary, secondary, career and technical education to postsecondary certificates and associates degrees; centralized processing, and centralized services.

The SBHE engaged Dakota Ed Consulting to establish a plan to carry out the requirements of SB2003, to work with the board and staff to establish a work process, and to assist and provide counsel to system task forces who were structured to address the individual directives of the legislation.

The final report identified multiple areas where process improvements, consolidation, or streamlining could occur. Several of these have already been addressed or are in progress, including:

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- Consolidation of payroll processing to hub campuses
- Creation of a webpage to promote ND job needs, in cooperation with ITD, K-12 and ND Job Service
- Provide DPI with feedback on new mathematics standards
- Consolidated financial statement preparation, accounting manual and chart of accounts
- Consolidated technology services

Further consideration will be given to other recommendations, such as:

- Shared services for Title IX compliance, mental health services and international student management
- Expand sharing of library and IT services
- Creation of a common student advising document
- Develop career pathways and dashboards for high-demand jobs

Additionally, $5.11 million and was requested by the SBHE to implement the following report recommendations:

- $300,000($200,000 one time funds) Common enrollment management system.
- $300,000($150,000 one time funds) Academic pathways initiative.
- $800,000($300,000 one time funds; 1 FTE) Common course catalogue – licensing and maintenance.
- $150,000($100,000 one time funds) Education/Workforce dashboard development and maintenance.
- $2.22 million($500,000 one time funds; 1 FTE) Systemwide eProcurement licensing and maintenance.
- $1.34 million for 11 College and career development coordinators.

2017-19 SB2003 Section 3 & 17 – One Time Funding

Midwestern higher education compact dues - $230,000

Funding was used to pay annual dues of $115,000 per year. NDUSO requested the $230,000 be included in the base 2019-21 appropriation. The Executive Recommendation did not include the $230,000.

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2017-19 SB2003 Section 24 – One Time Funding

Theodore Roosevelt Presidential Library
Expenses for 2017-19 Biennium

As of December 31, 2018

	Operations	Capital Construction	Total
Total Appropriation	$ 750,000	$11,250,000	$12,000,000
2015-17 Expenditures	-	(644,705)	(644,705)
2017-19 Expenditures -Operations and Capital	(651,600)	(893,750)	(1,545,350)
Total Expenditures	**$ (651,600)**	**$ (1,538,455)**	**$ (2,190,055)**
Remaining Unspent Balance	$ 98,400	$ 9,711,545	$ 9,809,945
Turn Back to General Fund	**$ 98,400**	**$ 9,711,545**	**$ 9,809,945**

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2017-19 SB2003 Sections 18 & 25; HB1015 Section 7 - One Time Funding

Dickinson State University – Operations and debt repayment

	Actual Fiscal Year 2018	As of 12/13/18 Fiscal Year 2019	Projected Fiscal Year 2019	Total 2017-19 Biennium
Appropriation (SB2003)	$ 8,665,044	$ 5,048,796	$10,557,268	$19,222,312
96% minumim amount payable (SB2003)	2,309,626	-	-	2,309,626
DSU challenge grant carryover (SB2003)	949,742	-	-	949,742
DSU operations (HB1015)	875,000	-	-	875,000
Reserves (SB2003)	-	-	2,000,000	2,000,000
land/interest income	137,992	-	-	137,992
Tuition (4.0% increase) 5% increase in headcount	7,255,180	6,028,729	7,100,000	14,355,180
Total Revenues	**$20,192,584**	**$ 18,783,999**	**$19,657,268**	**$39,849,852**
Salaries and fringe benefits	$15,877,521	$ 5,954,163	$16,145,799	$32,023,320
Operating	3,694,817	1,316,846	4,128,456	7,823,273
Total Expenses	**$19,572,338**	**$ 7,271,009**	**$20,274,255**	**$39,846,593**
Net Income (Loss)	**$ 620,246**	**$ 11,512,990**	**$ (616,987)**	**$ 3,259**
Biesiot Activities Center - Debt repayment (SB2003)				
Debt Payments made 7-7-2017	**$ 3,100,000**			

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North Dakota University System

2017-19 HB1015 Section 3 - One Time Funding

Theodore Roosevelt Presidential Library - Digitization

Expenses for 2017-19 Biennium

As of December 13, 2018

2017-19 appropriation	$	500,000
Expended to date (detail below)		(291,584)
Balance remaining	$	208,416
Projected expenditures to June 30, 2019	$	208,416

	2017-19 Expenditures	% of Total
Salaries & Benefits[1]	$ 238,679	82%
Travel[2]	4,948	2%
Equipment/Software	-	0%
Supplies/Printing/Copying	6,389	2%
Professional Development	940	0%
Professional Services[3]	40,627	14%
Totals	**$ 291,584**	

[1]82% of the budget has been expended on highly-qualified staff-3.25 FTE.

- Primary Consult Theodore Roosevelt Center
- Project Manager Theodore Roosevelt Center/CFO TRPLF
- Theodore Roosevelt Center Volunteer/Outreach Coordinator
- Theodore Roosevelt Center Digital Library Coordinator/Archivist

[2]Travel includes both professional development and research trips to prospective digital library partners.

[3]Professional services include website development and maintenance, digital library storage, and digitization.

Statistics:

- 8 new digital library partnerships formed
- 7,815 additional items published in digital library
- More than 7,000 items moved forward in publishing queue
- 157 reference requests answered
- Nearly 250,000 unique users visited the website
- More than 750,000 page views

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2017-19 SB1003 Section 12 Carryover Appropriations

2015-17 Carryover to 2017-19

Campus	Carryover Category	Type of Carryover	Type of Fund	Total Carryover To 2017-19	Expenditures thru 11-30-2018	Total Final or Estimated Cost	Estimated Unexpended Balance of Carryover at 6-30-2019	Project Completion or Estimated Completion Date	Explanation of How Funds were Spent
BSC	Extraordinary Repairs	Regular	General Fund	29	0	29	0	1/31/2018	Miscellaneous projects
DCB	Deferred Maintenance	Regular	General Fund	10,212	0	10,212	0	6/30/2019	Various projects including matching fund requirements: electrical, heat, chiller and software updates/improvements, steam tunnel study, classroom and bathroom updates
DCB	Extraordinary Repairs	Regular	General Fund	117,916	64,985	117,916	0	6/30/2019	Misc E/R repair
		Regular	Other Funds	23,341	0	78,995	0	6/30/2019	Misc E/R repair
DCB	Nelson Science Center	Regular	General Fund	28,812	23,826	23,826	4,986		Nelson Science Center Project
DCB	Security	Regular	General Fund	13,517	13,517	13,517			Cameras, locks
DSU	May Hall HVAC project	Regular	General Fund	1,259,974	1,259,974	1,402,700	0	6/30/2019	Input in HVAC system in May Hall
DSU	TR Presidential Library	Regular	General Fund	11,355,295	1,545,350	1,545,350	9,809,945	12/31/2018	Project not moving forward
DSU	Woods Hall	Regular	Other Funds	1,800,000	1,863,604	1,971,000	0	6/30/2019	Renovation of Woods Hall to improve residence halls
Forest Service	Emerald Ash Borer Project	Operating	General Fund	205,759	133,293	205,759	0	6/30/2019	Subawards to communities
Forest Service	Campus Operations	Operating	General Fund	220,088	47,748	220,088	0	6/30/2019	Supplies, repairs and equipment
LRSC	Deferred Maintenance	Regular	General Fund	452,866	356,258	463,474	0	6/30/2018	Window Replacement and Exterior Painting.
LRSC	Electrical Distribution Project	Regular	General Fund	413,345	413,315	1,399,970	0	2/23/2018	Electrical Switchgear
LRSC	Extraordinary Repairs	Regular	General Fund	1,776	1,776	113,976	0	3/23/2018	Cameras & locks
MaSU	Agassiz Hall Mechanical Renovation	Capital Projects Off System	Other Funds	724,361	736,238	736,238	0	9/1/2018	Mechanical Improvements
MaSU	Deferred Maintenance	Regular	General Fund	118,526	0	118,526	0	6/30/2019	Various repair projects
MaSU	Extraordinary Repairs	Regular	General Fund	99,740	0	99,740	0	6/30/2019	Various repair projects
MiSU	Campus Operations	Operating	General Fund	12,295	12,295	12,295	0	9/30/2017	Affordable care act funds authorized for NDSCS for FY17
MiSU	Extraordinary Repairs	Regular	General Fund	587,221	506,661	587,221	0	6/30/2019	Used for mandatory match for '15-'17 & '17-'19 ER funds
		Regular	General Fund	363,318	363,318	1,114,921	0	6/30/2019	Various projects across campus
		Regular	Other Funds	751,603	62,776	1,114,921	0	6/30/2020	Various projects across campus
MiSU	Security Pool	Regular	General Fund	278,420	278,420	278,420	0	6/30/2018	Cameras & lighting across campus
NDSCS	Campus Operations	Operating	General Fund	13,919	13,919	13,919	0	7/31/2017	Affordable care act funds authorized for NDSCS for FY17
NDSCS	Extraordinary Repairs	Regular	General Fund	320,507	318,555	320,507	0	6/30/2019	Various deferred maintenance projects & repairs (Fire Alarms, Windows/Doors, Roofs)
NDSCS	NDSCS Water/Sewer Project	Regular	General Fund	1,533,142	1,442,666		90,476	9/30/2019	Project Continuation
NDSCS	Security Pool Allocation	Regular	General Fund	75,456	75,456	75,456	0	11/30/2018	Lighting, Security/Cameras
NDSU	Accreditation Project - Sudro Hall Addition/Renovation	Capital Projects Off System	Other Funds	28,000,000	4,667,942	28,000,000	17,499,288	12/31/2019	Additon to existing Sudro Hall. Unexpended balance will be carried over.
NDSU	Burgum Hall A/C	Capital Projects Off System	Other Funds	227,733	196,274	212,101	31,459	11/17/2017	Chiller Replacement. Project complete; unexpended balance will not be carried over.
NDSU	CCAST: *$660,000 + $3,610,000 (SBHE Nov 2013; Budget Section Dec 2013)*	Capital Projects Off System	Federal Funds	904,319	134,393	3,500,074	769,926	6/30/2018	Research 2 Server Room Electrical & Cooling Project complete; unexpended balance will not be carried over.
NDSU	Churchill Hall Renovation	Capital Projects Off System	Other Funds	1,058,935	985,285	10,926,351	73,650	4/30/2018	Replacement of all finishes, piping, fixtures, HVAC, heating and electrical systems; ADA compliant elevator. Project complete; unexpended balance will not be carried over.

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2017-19 SB1003 Section 12 Carryover Appropriations

2015-17 Carryover to 2017-19

Campus	Carryover Category	Type of Carryover	Type of Fund	Total Carryover To 2017-19	Expenditures thru 11-30-2018	Total Final or Estimated Cost	Estimated Unexpended Balance of Carryover at 6-30-2019	Project Completion or Estimated Completion Date	Explanation of How Funds were Spent
NDSU	CIE 2nd Flr Finishes	Regular	General Fund	16,481	4,199	100,265	0	8/31/2017	Lab and classroom finishes; remaining project carryover was applied to other projects.
		Regular	Other Funds	32,963	0	100,265	0	8/31/2017	Lab and classroom finishes; remaining project carryover was applied to other projects.
NDSU	CIE Fire Alarm Replace	Regular	General Fund	7,219	344	48,691	0	8/15/2017	Fire alarm replacement; remaining project carryover was applied to other projects.
		Regular	Other Funds	14,438	0	48,691	0	8/15/2017	Fire alarm replacement; remaining project carryover was applied to other projects.
NDSU	Deferred Maintenance	Regular	General Fund	0	0	0	0	6/30/2018	Applied to water/street repairs project
		Regular	General Fund	93,751	93,751	163,155	0	6/30/2018	Various projects including matching fund requirements: electrical, heat, chiller and software updates/improvements, steam tunnel study, classroom and bathroom updates
		Regular	Other Funds	69,404	69,404	163,155	0	6/30/2018	Various projects including matching fund requirements: electrical, heat, chiller and software updates/improvements, steam tunnel study, classroom and bathroom updates
NDSU	Deferred Maintenance-one time pool $3.5M	Regular	General Fund	1	1	1	0	6/30/2018	Amount applied to deferred maintenance project
NDSU	Dolve Remove Roof Drain	Regular	General Fund	8,000	8,000	24,000	0	9/30/2017	Roof drain
		Regular	Other Funds	16,000	16,000	24,000	0	9/30/2017	Roof drain
NDSU	Dolve Renovation	Regular	General Fund	163,267	163,267	760,662	0	12/31/2017	Lab/classroom work; remaining project carryover was applied to other projects.
		Regular	Other Funds	326,534	217,158	760,662	0	12/31/2017	Lab/classroom work; remaining project carryover was applied to other projects.
NDSU	Elec Eng 2nd FL Hallway	Regular	General Fund	11,493	2,076	107,607	0	8/24/2017	Hallway work; remaining project carryover was applied to other projects.
		Regular	Other Funds	22,987	0	107,607	0	8/24/2017	Hallway work; remaining project carryover was applied to other projects.
NDSU	Ellig Sports Complex	Capital Projects Off System	Other Funds	364,500	326,203	326,203	38,297	3/30/2018	ADA Compliant grandstands, press box, reconfigured backstop, demo existing concession/restroom bldg; relocate irrigation pumps. Project complete; unexpended balance will not be carried over.
NDSU	Fargodome Football Locker Room	Capital Projects Off System	Other Funds	297,651	258,165	423,461	39,486	4/30/2018	Updates to locker room;new lockers. Project complete; unexpended balance will not be carried over.
NDSU	FLC Foundation Survey	Regular	General Fund	4,835	4,835	10,234	0	9/30/2017	Survey; remaining project carryover was applied to other projects.
		Regular	Other Funds	9,670	5,399	10,234	0	9/30/2017	Survey; remaining project carryover was applied to other projects.

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2015-17 Carryover to 2017-19

Campus	Carryover Category	Type of Carryover	Type of Fund	Total Carryover To 2017-19	Expenditures thru 11-30-2018	Total Final or Estimated Cost	Estimated Unexpended Balance of Carryover at 6-30-2019	Project Completion or Estimated Completion Date	Explanation of How Funds were Spent
NDSU	FLC Storm Sewer Lift Station	Regular	General Fund	63,183	63,183	179,278	0	1/15/2018	Lift Station; remaining project carryover was applied to other projects.
		Regular	Other Funds	126,366	115,642	179,278	0	1/15/2018	Lift Station; remaining project carryover was applied to other projects.
NDSU	Heating Plant Steam Header	Regular	General Fund	8,227	0	84,686	0	6/30/2017	Heating plant steam header; remaining project carryover was applied to other projects.
		Regular	Other Funds	16,454	0	84,686	0	6/30/2017	Heating plant steam header; remaining project carryover was applied to other projects.
NDSU	Johnson Hall Bathroom	Capital Projects Off System	Other Funds	754,933	439,057	784,123	315,876	1/31/2018	Renovation of restroom - replace piping, fixtures, venting system. Project complete; unexpended balance will not be carried over.
NDSU	Johnson Hall Re-Roof	Capital Projects Off System	Other Funds	171,225	113,446	122,220	57,779	1/15/2018	Roof Replacement. Project complete; unexpended balance will not be carried over.
NDSU	Johnson Hall-west bathroom	Capital Projects Off System	Other Funds	1,200,000	829,310	829,310	370,690	10/15/2018	Repair 2nd stack of bathrooms to consist of repairing/replacing several deferred mtce issues. Project complete; unexpended balance will not be carried over.
NDSU	New Residence Hall (Katherine Cater Hall)	Capital Projects Off System	Other Funds	39,505,000	27,777,452	37,578,598	1,926,402	6/30/2019	Residence Hall. Project estimated to come in under budget; unexpended balance will not be carried over.
NDSU	NQ Parking Lot	Capital Projects Off System	Other Funds	0	0	0	0	6/30/2018	Applied to water/street repairs project
		Capital Projects Off System	Other Funds	640,000	490,000	490,000	150,000	6/30/2018	New parking lot. Project complete; unexpended balance will not be carried over.
NDSU	Parking Lots	Capital Projects Off System	Other Funds	769,401	344,976	775,575	424,425	10/31/2017	Parking Lot Repair/Replacement - Lots BU, MO, T1/L, AE. Project complete; unexpended balance will not be carried over.
NDSU	Reed Hall Elevator Upgrade	Capital Projects Off System	Other Funds	190,342	173,655	262,313	16,687	9/15/2017	Replace elevator with ADA Compliant elevator. Project complete; unexpended balance will not be carried over.
NDSU	Residence Dining Center Expansion	Capital Projects Off System	Other Funds	297,446	59,057	2,861,611	238,389	11/30/2017	Creating space on east side for addt'l 200 seats & meeting room; administrative offices and enclosed walkway. Project complete; unexpended balance will not be carried over.
NDSU	Residence Dining Center Phase II	Capital Projects Off System	Other Funds	480,370	433,198	952,827	47,172	1/18/2017	Remodel existing dining aread & addition of made/cook to order stations. Project complete; unexpended balance will not be carried forward.
NDSU	Residence Dining Center Phase III-FFE	Capital Projects Off System	Other Funds	1,150,000	1,076,042	1,076,042	73,958	1/18/2017	Vending/Food Equipment. Project complete; unexpended balance will not be carried over.
NDSU	Sanford Health Athletic Complex (BSA):*increase $5,595,644 (SBHE Nov 2013/Budget Section Dec 2013) Total authorization $41,000,000*	Capital Projects Off System	Other Funds	420,442	216,159	41,000,000	204,283	TBD	Athletic Complex; unexpended balance will carry over.
NDSU	Service Center Re-roof	Regular	General Fund	21,420	21,420	64,265	0	12/15/2017	Roofing project
		Regular	Other Funds	42,840	42,840	64,265	0	12/15/2017	Roofing project
NDSU	Softball Complex Reno Ph2	Capital Projects Off System	Other Funds	690,000	572,402	572,402	117,598	11/30/2018	New outfield fence, removing sod/installing turf; new bull pens, batting cages, various site improvements. Project complete; unexpended balance will not be carried over.
NDSU	STEM Classroom Lab - Legislative Authority	Regular	General Fund	31,154	0	29,367,709	31,154	TBD	Carryforward; Project construction complete during 2017-19 biennium, building is fully operational - Project finance completion pending contractor dispute

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2015-17 Carryover to 2017-19

Campus	Carryover Category	Type of Carryover	Type of Fund	Total Carryover To 2017-19	Expenditures thru 11-30-2018	Total Final or Estimated Cost	Estimated Unexpended Balance of Carryover at 6-30-2019	Project Completion or Estimated Completion Date	Explanation of How Funds were Spent
NDSU	Stevens Hall Renovation (RM 2004-206)	Capital Projects Off System	Other Funds	12,083	12,083	81,827	0	11/13/2017	Updates to FFE
NDSU	Stockbridge Elevator replace	Capital Projects Off System	Other Funds	350,000	298,016	298,016	51,984	12/31/2018	Elevator replacement - bring accessiblity of elevator up to code. Project estimated to come in under budget; unexpended balance will not be carried over.
NDSU	University Village replacement-phase 1	Capital Projects Off System	Other Funds	10,000,000	9,288,260	9,791,213	208,787	6/30/2019	Demo of old complex & construction of new 82 unit apartment building. Project estimated to come in under budget; unexpended balance will not be carried over.
NDSU	Waldron Steam Vault Replace	Regular	General Fund	37,300	37,300	153,149	0	12/19/2017	Steam vault
		Regular	Other Funds	74,600	74,600	153,149	0	12/19/2017	Steam vault
NDSU	WDC Expansion	Capital Projects Off System	Other Funds	3,700,000	1,373,765	3,700,000	0	5/30/2019	Two bldg addtions - will add additional seating; new elevator; revised main entry/checkout counter; necessary mechanical & electricfal systems added/upgraded
NDUS Office	System Office 2015-17 Carryover	Operating	General Fund	592,553	291,124	592,553	0	6/30/2019	System Office projects
UND	Wilkerson Hall Dining Center-remaining project	Capital Projects Off System	Other Funds	2,241,059	188,609	300,000	1,941,059	3/31/2019	Wilkerson Commons Renovation Work
UND	Campus Security Pool	Regular	General Fund	24,162	24,162	24,162	0	6/30/2018	Campus Security Projects Including Cameras
UND	Deferred Maintenance	Regular	General Fund	2,238,969	2,238,969	2,238,969	0	10/31/2019	Major Project - Hughes Fine Arts Center Mech Code Upgrade ($339,797); Chester Fritz Library Mech Cooling Tower ($260,628); O'Kelly Hall Renovation ($450,000); Aiport Admin Curtain Wall Replacement ($866,056); Remainder - smaller repair projects
UND	Extraordinary Repairs	Regular	General Fund	2,552,463	2,275,743	2,552,463	0	4/30/2019	Major Projects - School of Medicine Tactical Renovations ($797,378); O'Kelly 3rd Floor Remodel ($300,000); O'Kelly Renovation ($906,092); Remainder Smaller Repair-Type Projects
UND	Museum of Art	Regular	General Fund	5,973	5,973	5,973	0	6/30/2018	Various Repairs Items in Museum
UND	SMHS Completion	Regular	General Fund	20,105	20,105	20,105	0	6/30/2018	School of Medicine Construction
UND	Student Engagement Projects	Capital Projects Off System	Other Funds	6,000,000	245,945	4,500,000	1,500,000	6/30/2019	Renovation of Dr. Kathleen and Hal Gershman Engagement Center (Previously J. Lloyd Stone House)
UND	UND Airport Project	Regular	General Fund	42,625	34,731	34,731	7,894	6/30/2018	Airport Runway Project
VCSU	Campus Operations	Operating	General Fund	2	2	2	0	9/30/2017	
VCSU	Hillslide Mitigation	Regular	General Fund	7,096	7,096	583,570		6/30/2018	Hillslide Mitigation Project
VCSU	Old Science Building Demo	Regular	General Fund	23,236	6,137	438,867		6/30/2019	Old Science Building Demo
VCSU	Security Pool	Regular	General Fund	2,859	2,859	66,396	0	6/30/2018	Cameras, card access, lighting
VCSU	VCSU Heat Plant	Regular	General Fund	2,235,041	2,214,145	13,931,775	0	6/30/2019	Complete construction of new heat plant
WSC	Campus Security	Regular	General Fund	1,010	0	1,010	0	6/30/2019	Miscellaneous projects
WSC	Extraordinary Repairs	Regular	General Fund	108,057	0	108,057	0	6/30/2019	Miscellaneous projects
		Regular	Other Funds	216,113	0	216,113	0	6/30/2019	Miscellaneous projects
			Total General Funds	25,802,617	14,390,754		9,944,454		
			Total Other & Federal Funds	103,693,112	53,703,352		26,097,197		
			Total Carryover All Funds	129,495,729	68,094,107		36,041,652		

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2017-19 SB2003 Section 20

2017-19 Transfers from operations to capital assets

General Fund Operating Transfers to Capital Assets		
BSC	$ 124,374	Extraordinary Repairs Match
NDSCS	152,000	Extraordinary Repairs Match
LRSC	35,000	Extraordinary Repairs Match & capital item
VCSU	529,333	Extraordinary Repairs Match
TOTAL	$ 840,707	

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2017-19 Extraordinary Repairs and Match Requirement
Projects As of December 31, 2018

	General Fund Base			Required Match [1/]			Total General Fund Base & Required Match		
	Original Appropriation	Projects 7/1/17-12/31/18	Balance Available	Original Required Match	Projects 7/1/17-12/31/18	Balance Available	Original Appropriation & Required Match	Projects 7/1/17-12/31/18	Balance Available
BSC	$417,673	($217,396)	$200,277	$835,346	($434,792)	$400,554	$1,253,019	($652,188)	$600,831
LRSC	$155,367	($100,568)	$54,799	$310,734	($201,200)	$109,534	$466,101	($301,767)	$164,334
WSC	$197,801	$0	$197,801	$395,602	$0	$395,602	$593,403	$0	$593,403
UND	$4,411,566	($4,411,566)	$0	$8,823,132	($8,823,132)	$0	$13,234,698	($13,234,698)	$0
NDSU	$2,732,244	($2,732,244)	($0)	$5,464,488	($5,464,488)	$0	$8,196,732	($8,196,732)	$0
NDSCS	$1,012,379	($430,900)	$581,479	$2,024,758	($861,800)	$1,162,958	$3,037,137	($1,292,700)	$1,744,437
DSU	$409,078	($409,078)	$0	$818,156	($818,156)	$0	$1,227,234	($1,227,234)	$0
MaSU	$358,992	($118,777)	$240,215	$717,984	($237,554)	$480,430	$1,076,976	($356,331)	$720,645
MiSU	$899,620	($899,620)	$0	$1,799,240	($1,799,240)	$0	$2,698,860	($2,698,860)	$0
VCSU	$408,319	($272,242)	$136,077	$816,638	($544,484)	$272,154	$1,224,957	($816,726)	$408,231
DCB	$114,007	($10,730)	$103,277	$228,014	($21,462)	$206,552	$342,021	($32,192)	$309,829
TOTAL	$11,117,046	($9,603,121)	$1,513,925	$22,234,092	($19,206,307)	$3,027,785	$33,351,138	($28,809,428)	$4,541,710

[1/] Sources of matched dollars include the following: general fund and other appropriated operating funds; reserves; local funds

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SECTION 36. STATE BOARD OF HIGHER EDUCATION STUDY OF NURSING PROGRAMS REPORT TO THE SIXTY-SIXTH LEGISLATIVE ASSEMBLY

The NDUS participated on the Governor's Nursing Shortage Task Force and supports its strategies and recommendations. Over the last two years, the Governor's Nursing Shortage Task Force met to develop a set of strategies for ensuring a healthy nursing workforce. The final report released in September 2018 included fifteen strategies. Many of these strategies have been completed or are in progress. Major legislative issues include:

- Provide continued funding for all nursing programs, faculty base salary raises and benefits that are included in North Dakota University System budget (HB 1003) to continue critical capacity to educate future nurses.
- Increase nursing education program capacity in rural areas and online through the Rural Nursing Grant Pilot Program which was included in the Governor's recommended Department of Commerce Budget as a one-time funding of $750,000 from the Strategic Investment and Improvement Fund.
- Increase the number of Masters and Doctorate prepared faculty through an increase in the budget from $100,000 to $300,000 for the ND Pilot Faculty Tuition Support Program in the Governor's recommended Department of Commerce Budget as a one-time funding from the Strategic Investment and Improvement Fund.
- Provide for increased out-of-state marketing of the nursing workforce which will be included as a priority occupation in the state marketing initiative in the Governor's recommended Department of Commerce Budget as a $3.0 million general fund appropriation.
- Amend SB 2012, the Human Services Budget to include the current Medicaid expansion to continue with the current Sanford Health Plan, increasing the inflator to 3% and restoring funding for the Nursing Facility Education Assistance program.
- Increase NDUS nursing education program salaries to national averages to compete with other states to attract and retain faculty. Support an amendment to HB #1003, the North Dakota University System Budget to increase faculty salaries to a national average at a cost of $2,070,930 across all NDUS nursing education programs.

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2017-19 SB2244 Section 2

Dual-Credit Pilot Program

In 2017, the North Dakota legislature authorized the State Board of Higher Education to establish a pilot program to offer a credit incentive to North Dakota instructors teaching dual credit courses in core subject areas at North Dakota public, tribal, or private high schools. (N.D.C.C. 15-10-61). An instructor who participates in the program is entitled to receive a credit-for-credit voucher for high school classes with four or more students receiving dual credit for that course. The voucher may be used towards graduate level classes at a public or private post-secondary institution in the state. For example, a high school instructor who taught two three-semester hour dual credit courses with four or more students in the past academic school year is eligible for a voucher for six semester hours of graduate credit.

The statute permits instructors who have met instructional requirements of the Higher Learning Commission (HLC) to transfer voucher credits to a family member or a student in his/her class. Vouchers used by instructor or designees can be used for graduate or undergraduate courses at postsecondary institutions within North Dakota. Priority funding will be awarded to instructors utilizing the vouchers to take additional graduate credit to meet HLC instructional requirements. Excess funds will be awarded to individuals designated by dual credit instructors.

The voucher credit can be used to cover the cost of tuition, not to exceed $328.58 per undergraduate credit or $360.21 per graduate credit, at any of the public, tribal, or private colleges or universities in North Dakota. Voucher credits earned from the 2017-2018 school year can only be applied to tuition expenses during the 2018-2019 school year. This applies to dual credit instructors and designated family members or others utilizing the earned vouchers.

An appropriation of $200,000 was provided for this program, expenditures through November 30, 2018 are $148,003. All of the appropriation is anticipated to be spent by June 30, 2019.

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2017-19 SB2003 Section 27
Tuition Rate Increase Limitations

Resident Undergraduate Tuition (Academic Year)				
Institution	Maximum Legislatively Authorized Tuition Increase		Actual Tuition Increase	
	2017-18	2018-19	2017-18	2018-19
BSC *	4.00%	4.00%	4.00%	5.24%
LRSC	4.00%	4.00%	4.00%	4.00%
WSC	4.00%	4.00%	4.00%	4.00%
NDSCS	4.00%	4.00%	4.00%	4.00%
DCB	4.00%	4.00%	4.00%	4.00%
DSU	4.00%	4.00%	4.00%	4.00%
MaSU	4.00%	4.00%	4.00%	4.00%
MiSU	4.00%	4.00%	4.00%	4.00%
VCSU	4.00%	4.00%	4.00%	4.00%
UND	4.00%	4.00%	4.00%	4.00%
NDSU *	4.00%	4.00%	4.00%	10.50%

*Note: The Tuition increases above 4% are allowed by SB2003 section 27, paragraph 6 as they relate to the new tuition model. BSC and NDSU's New Tuition Model integrates online tuition, program fees and most course fees into the tuition rates. BSC established four tuition bands and eliminated 10 program fees of $500 to $1,200, and more than 100 course fees of $10 to $300. NDSU eliminated $668,029 of course fees in 50 undergraduate courses and $280,495 of undergraduate program fees in 6 programs. In addition, the cap at NDSU is raised from 12 to 13 credits. All other institutions will implement the new tuition model in the 2019-20 academic year.

Non-resident Undergraduate Tuition (Academic Year)		
Institution	Actual Tuition Increase (Decrease)	
	2017-18	2018-19
BSC *	4.00%	-(40.86%)
LRSC	4.00%	4.00%
WSC	4.00%	4.00%
NDSCS	4.00%	4.00%
DCB	4.00%	4.00%
DSU	4.00%	4.00%
MaSU	4.00%	4.00%
MiSU	4.00%	4.00%
VCSU	4.00%	4.00%
UND	4.00%	4.00%
NDSU *	4.00%	-(37.92%)

*NOTE: BSC's reduction in Non-Resident tuition is a result of charging U.S. Non-Residents at 150% of the Resident rate under the New Tuition Model rather than at 267% of the Resident Rate under the current model.
NDSU's reduction in Non-Resident tuition is a result of charging U.S. Non-Residents at 150% of the Resident rate under the New Tuition Model rather than at 267% of the Resident Rate under the current model. The reduction in revenue is offset by a reduction in waivers. This affects approximately 75 students.

2017-19 SB2003 Section 27
Tuition Rate Increase Limitations

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Professional Programs Tuition (Academic Year)	Resident Tuition Increase		Non-Resident Tuition Increase (Decrease)	
	2017-18	2018-19	2017-18	2018-19
UND School of Medicine	4.00%	4.00%	4.00%	4.00%
UND School of Law	9.00%	9.00%	9.00%	9.00%
NDSU School of Pharmacy	5.00%	8.00%	5.00%	-(39.33%)
NDSU School of Pharmacy - MN			7.50%	8.04%
Graduate Programs (Academic Year)				
UND - Physician Assistant (flat rate per semester)	4.00%	4.00%	4.00%	4.00%
UND - Physical Therapy	4.00%	4.00%	4.00%	4.00%
UND - Occupational Therapy	4.00%	4.00%	4.00%	4.00%
NDSU - Architecture	4.00%	15.28%	4.00%	-(35.24%)
DSU	4.00%	4.00%	4.00%	4.00%
MaSU	4.00%	4.00%	4.00%	4.00%
MiSU	4.00%	4.00%	4.00%	4.00%
NDSU - Basic	4.00%	11.92%	4.00%	-(37.12%)
NDSU - Engineering	4.00%	12.49%	4.00%	-(36.81%)
NDSU - Nursing	4.00%	6.63%	4.00%	-(40.10%)
NDSU - MBA & Certificates		New		New
NDSU - Public Health	4.00%	6.96%	4.00%	6.96%
UND - Basic	7.00%	7.00%	7.00%	7.00%
UND Medical Lab Science	7.00%	4.00%	7.00%	4.00%
UND - Public Health	4.00%	5.01%	4.00%	5.01%
VCSU	4.00%	4.00%		

*NOTE: NDSU's reduction in Non-Resident tuition is a result of charging U.S. Non-Residents at 150% of the Resident rate under the New Tuition Model rather than at 267% of the Resident Rate under the current model. The reduction in revenue is offset by a reduction in waivers. Architecture tuition will be capped at 13 credits. All other NDSU graduate tuition will be billed per-credit with no tuition cap.

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NORTH DAKOTA STUDENT ASSOCIATION | THE VOICE OF THE STUDENTS

North Dakota Student Association

Testimony for **HB 1003**
Prepared by Jared M. Melville, President
Tuesday, January 15, 2019

Chair Monson, members of the committee, for the record my name is Jared Melville and I serve as the President of the North Dakota Student Association, a statewide organization that represents the voice of North Dakota's 45,000 public college and university students. Today I am here to testify on House Bill 1003.

The Student Association has dedicated substantial time over the last four months identifying its three legislative funding priorities. Our discussions included input from students across all 11 campuses in the North Dakota University System. Today, we stand unified in our support for the North Dakota challenge fund grant program, funding for open educational resources, and sustainable funding for the University System. I will explain each of these items in greater detail.

The first of our three priorities is continued funding for the North Dakota challenge fund grant program. Challenge funds have provided an unparalleled benefit to every campus since their inception in 2013, raising $90 million for student scholarships and $70 million in combined educational infrastructure, research, and technology for North Dakota campuses.

This offers a monumental impact on the lives of students. Here are some stories.

One student from Lake Region State College remarked how the scholarship funding they received has made North Dakota a reliable place to receive a quality education. This is important. Bloomberg financial data concluded that at the end of last year, Americans collectively owe $1.5 trillion in student loan debt. The students I speak with are incredibly cognizant of the impact of debt on their future. Challenge funds reduce the burden of debt while preserving the quality of a North Dakota education.

Another student from Mayville State University shared with me that the scholarships awarded to them because of the challenge funds have removed the financial stress of tuition and were the single most important reason they can attend school. They note that without charitable donors, plenty of students would not be enrolled in college at all. These are future teachers, doctors, welders, and entrepreneurs – occupations North Dakota desperately needs to fill right now. Because of the challenge funds and scholarships, students have the opportunity to go to school.

It was disconcerting, but understandable to reduce appropriations for these grants during the last session considering tax revenue shortfalls. But now it is time to restore the appropriation and make a critical investment that will benefit every campus in the state.

The Student Association strongly urges you to restore appropriations for the challenge funds to a level seen in past biennia and to seriously consider Governor Burgum's $40 million proposal paid from Legacy Fund earnings. Additionally, we ask you to preserve language within the Century Code that clarifies the first two million dollars in matching grants awarded to each institution must be used for student scholarships. The challenge funds provide incredible support for student achievement without creating a substantial burden for taxpayers.

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NORTH DAKOTA STUDENT ASSOCIATION | THE VOICE OF THE STUDENTS

North Dakota Student Association

Testimony for **HB 1003**
Prepared by Jared M. Melville, President
Tuesday, January 15, 2019

The Student Association's second priority is continued funding for open educational resources.

Open educational resources, also known as OERs or open access textbooks, are learning materials that are accessible on the Internet at little or no cost to students or educational institutions. They were created in response to the rising prices of traditional textbooks and college tuition.

A June 2013 report to Congress from the U.S. Government Accountability Office concluded that the amount of money students pay for textbooks has increased 82-percent between 2002 and 2012. The excessive price of traditional textbooks places a heavy financial burden on students, forcing them in the most extreme cases to choose between paying for food or textbooks.

Students who cannot access required course materials will be placed at an academic disadvantage. Most courses rely on a textbook to supplement material taught in the classroom. Instructors also use textbooks to provide students with homework assignments. It is truly a shame when students cannot afford course materials, because for many subjects there already exists an equivalent open educational resource that costs a fraction of the price of a traditional textbook.

One misconception with OERs is that they are not peer reviewed or that they are inferior to traditional textbooks. This is a myth. The University of Minnesota provides access to an open textbook library, the contents of which have been reviewed by trusted subject experts. Additionally, when the Student Association or student governments from across the state ask students to compare OERs to traditional textbooks, most of the time students say OERs are just as good or marginally better.

Our conclusion is that pragmatic solutions exist to make higher education more affordable to students. Investing in OERs will reduce debt in the long run and create an environment where every student has the opportunity to excel in their academic pursuits.

If we want North Dakota to have one of the best higher education systems in the nation, then we need to prioritize OER development. Supporting OERs is supporting the modernization of education in the North Dakota University System.

You provided approximately $100,000 in funding for OERs during the last session through a line item called Shared Campus Services. The Student Association requests you continue to provide an appropriation for OERs. Additionally, we request you separate OER funding from the Shared Campus Services line item and create a dedicated line in the budget specifically for open educational resources. This transparently highlights to other states your commitment to OER development.

An additional step you can take to support the future of OER development in North Dakota is providing a $230,000 appropriation for Midwestern Higher Education Compact membership dues. As you know, membership in MHEC provides us with a number of different services.

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NORTH DAKOTA STUDENT ASSOCIATION | THE VOICE OF THE STUDENTS

North Dakota Student Association

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MHEC is committed to helping its member states implement OERs. One area where North Dakota has fallen behind its peers is that we lack a dedicated FTE whose primary purpose is to support OER development in the University System. Membership in MHEC helps bridge this gap by giving the University System access to dedicated support, leadership, and expertise.

The Student Association's third priority is continued, sustainable funding for the University System and its 11 campuses.

When I speak with students about Governor Burgum's proposed five-percent budget cut to higher education, they become tense and anxious. They are nervous because last session's 18-percent budget cuts required their campuses to make tough decisions, and they fear what future budget cuts will demand of them.

One student studying Chinese potentially as a second major at the University of North Dakota told me they are very concerned that the Chinese program could be in danger of being cut or losing support if the campus continues to face budget cuts. They stated they would be leaving UND if the program is no longer offered.

This is not an isolated case. If North Dakota continues to strip away resources from higher education, then it is sacrificing one of the best tools available to combat the state's unprecedented workforce shortage. Additional budget cuts will significantly complicate the ability for our campuses to provide a quality education. Additional budget cuts will undermine their regional and national competitiveness.

Supporting higher education is supporting the future of North Dakota.

Chair Monson and members of the committee, I thank you for your time. The Student Association thanks you for your service on this committee, to higher education, and the state of North Dakota. We urge you to continue supporting the North Dakota challenge fund grants, open educational resources, and the University System. I welcome any question you have.

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Comments to the North Dakota House Appropriations Committee—Education & Environment Division

Representative David Monson, Chair
Submitted by Mike Mannausau, Vice President of Development, Major Gifts

University of North Dakota Alumni Association and Foundation

January 15, 2019, regarding H.B. 1003

Chairman Monson and members of the Committee - good morning. I am Mike Mannausau, vice president of development, major gifts, for the UND Alumni Association and Foundation. Thank you for allowing me to explain why the North Dakota Challenge Fund has been a success and why it would be a positive move to continue funding the program at the highest level possible and providing flexibility as to how those funds are used.

To begin with, I want to thank each member of the North Dakota Legislature for supporting this initiative in the past. We have all benefitted—especially the students and members of these North Dakota's colleges and universities. We are an eclectic mix of community colleges, state colleges and public research universities, each with a unique mission.

U.S. higher education is one of our nation's most valuable assets. We are educating the next generation of innovative leaders and entrepreneurs who will possess knowledge, skills, character and vision. Highly educated citizens mean a more productive workforce, opportunities for better quality of life and, not coincidentally, healthier tax rolls for the state.

The North Dakota Higher Education Challenge Fund is an investment in the state's and nation's future. This is another way that each one of you is contributing towards the upward trajectory of the state in the 21st century. Philanthropy is about paying forward and investing in the future. Together, with this public, private partnership, we can inspire a world of change, make positive choices that will last many generations and continue to shape public higher education as it strives to meet society's needs and demands. All gifts impact the University of North Dakota, higher education in general and the state, making private giving for higher education vital to our state's and nation's future.

Since the inception of the challenge fund in 2013, we at the UND Alumni Association and Foundation, have utilized our entire $17 million allocation from the state with $34 million in gifts and commitments. Of the $34 million raised in private support, 69 percent of it came from donors outside the state who wanted to invest in higher education in the great state of North Dakota. These donors hail from 33 states and the District of Columbia. The investment is quite impressive, and the initiative extends beyond the borders of North Dakota.

Since the North Dakota Challenge Fund began, 326 gifts funded 178 total projects including 140 endowed scholarship funds. The benefit of this Fund is impacting the lives of thousands of students; leaders in action who are making a difference in the state, country and world.

Many academic programs have also been enriched by private support. At the University of North Dakota, we have benefited by focusing on the University's strategic priorities and college-based initiatives—especially scholarships and academic programs. We have leveraged the challenge grant with our donors from all over the country. The incentive of an immediate 50 percent return of their investment has been very appealing. In fact, we have donors requesting this match and waiting for this private / public partnership with the state of North Dakota. Our development officers have repeatedly shared the sentiment that our donors are excited that their gifts can have a much greater immediate impact.

You all should be applauded because this initiative has been a success on all fronts. It has helped motivate some donors and been a tipping point for them to give back. I thank you for that. I know of a potential seven figure cash gift that has piqued the interest of the donor because of the Challenge Grant. If not for the Challenge Grant, the gift would probably be part of the donor's estate plans and we wouldn't realize it for many years down the road.

I would strongly urge you to keep the program at the highest level possible and provide flexibility. I strongly believe if we don't receive full funding, we will be leaving philanthropic funds on the table. A program like this should be looked at as a model in the support of public higher education around the country. As the University of North Dakota strives to build its reputation as a leader in innovative education, private giving is more important than ever – especially when state revenues are more challenged. It is important for this initiative to support advancing academic programs, endowed faculty positions, and scholarships to make colleges and universities accessible to students from every walk of life.

The wise Winston S. Churchill once said, "We make a living by what we get. We make a life by what we give."

The North Dakota Higher Education Challenge Fund benefitted students from every college and school on our campus. This initiative and philanthropy give hope for the future of this state and the lives of thousands of college students for generations to come.

Thank you again for allowing me to express my views. Thank you also for your continued support of this valuable program.

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NORTH DAKOTA CENTER FOR NURSING
A unified voice for nursing excellence.

ND Department of Commerce
Budget Bill HB 1003

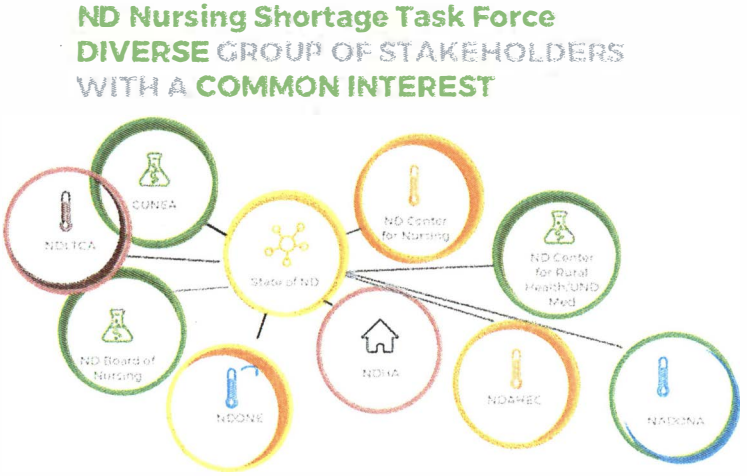
January 14, 2019: House Appropriations- Education and Environmental Division

ND Center for Nursing Testimony in Support of and Suggested Amendments

Chairman Monson and members of the committee. I am Dr. Patricia Moulton and am the Executive Director of the ND Center for Nursing and the Co-Lead of the Governors Nursing Shortage Task Force. The North Dakota Center for Nursing is a non-profit, 501c3 organization that was developed to represent over 19,000 nurses and over 40 nursing organizations across North Dakota.

A shortage of nurses compared to demand has existed to some extent for twenty-five years and yet today's shortage is uniquely serious. The retirement of baby boomers, the aging population and the associated increase in healthcare needs of our nation's largest generation has intensified the issue, leading to the need for more nurses and supporting healthcare workers across the state. Nursing forms the base for the economic engine for North Dakota's communities. The rural North Dakota landscape makes this shortage particularly acute due to the limited program capacity and distance.

Over the last two years, the Governor's Nursing Shortage Task Force met to develop a set of strategies for ensuring a healthy nursing workforce. The final report released in September 2018 included fourteen strategies which form an **interoperable plan**. All of these strategies are needed in order to fully address the nursing shortage. The policy agenda that I have handed out details critical strategies that require legislative support during the 2019 session. This has been the collective work of multiple entities including the ND Center for Nursing including multiple nursing organizations, the ND Hospital Association, the ND Long Term Care Association and task force members. Several state agencies assisted in crafting the plan including Job Service ND, ND Department of Commerce, ND Career and Technical Education and the ND University System. Testimony from nurses across the state and all linked resources/data are available on our webpage at https://www.ndcenterfornursing.org/nursing-shortage-solutions/



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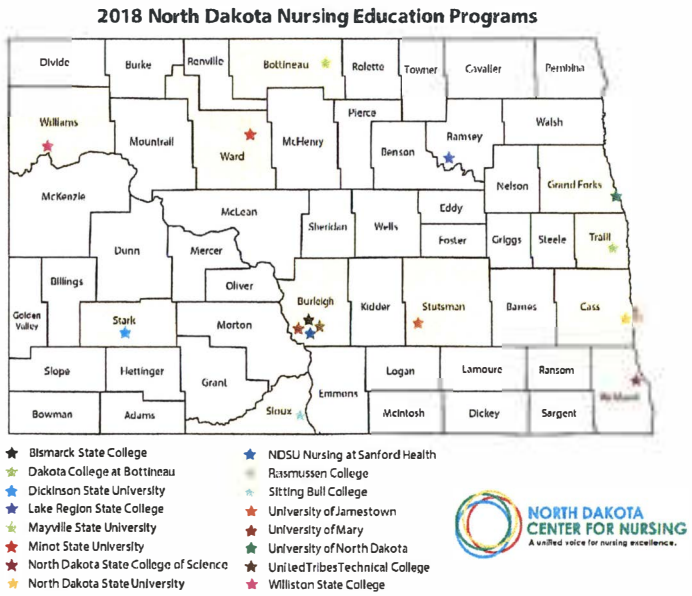
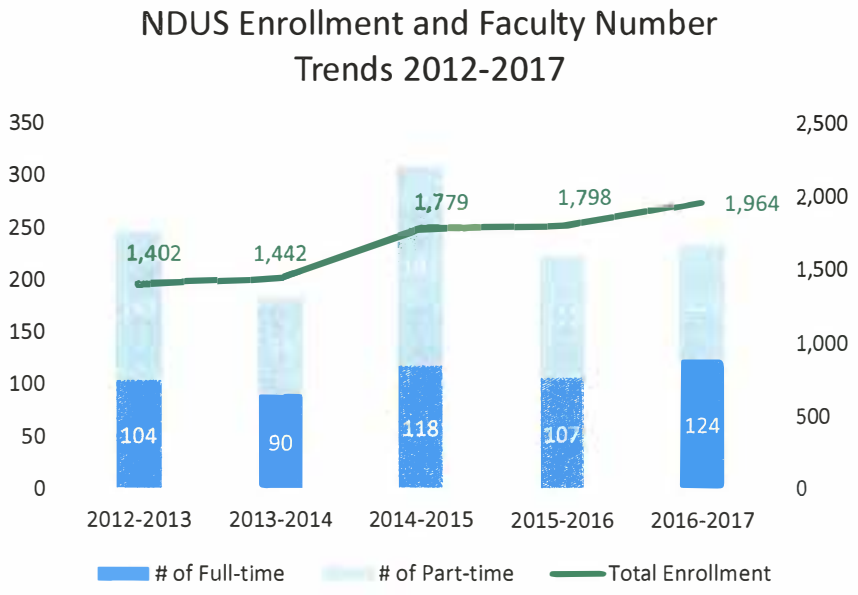
Two of these solutions are connected to the ND University System Budget (HB 1003).

The first solution is legislative support to provide continued funding for all nursing programs through the ND University System budget (HB 1003) and faculty base salary and raises as recommended by the Governor. This will provide continue critical capacity to educate future nurses.

North Dakota currently has sixteen nursing education programs including preparation for LPN, RN, Advanced Practice Nurses and other graduate education programs. There are also several programs on the border with Minnesota including University of Minnesota Moorhead, Concordia College, and Northland Technical College.



These colleges have continued to increase enrollment in response to the nursing shortage. This increase has occurred even with fewer faculty available and continued reliance on part-time faculty. Over the last several years, colleges have turned to part-time faculty to fill in gaps when faculty have left the state and to fill in specialty areas. The heavy reliance on part-time faculty has also lead to all of the student advising, curriculum development and running of departments to fall on the far fewer full-time faculty. This "do more with less" ideology resulted in faculty working an average of 62 hours per week. This has also placed programs at maximum capacity.



Even with the increase in enrollment over the last few years, this will not solve the nursing shortage. Projections indicate that at the current capacity, we will still have a shortage of 856 RNs/APRNs and 384 LPNs by 2026.

Since faculty in our nursing programs are busy teaching our future nurses, it is difficult to appear before you to provide testimony. I will invite those that were able to travel here today to speak with you after I am finished. However, I did collect the thoughts of many faculty from across the state and their statements are below.

North Dakota Nursing Faculty and Graduate Student: I have not been in academia long, but neither have my colleagues. Unfortunately, there is significant turn over with nursing faculty. Many reasons may apply, but the most prominent is our low salaries. Many of my colleagues work additional part-time jobs to be able to "afford to teach." My husband has commented multiple times that I am "basically working for free", "crazy to continue to put the number of hours and degree of stress into an occupation that pays so little and a system that is so broken," and "if it wasn't for the fact that you love teaching and helping your students grow, I would ask that you quit teaching." It is a slap in the face, when our graduates' starting wages are better than our seasoned faculty. How are we (current faculty) to recruit new, qualified faculty when the job description is more hours and less pay? I have many nursing friends that would love to get into academia, but "cannot afford to take the pay cut." We cannot fill the nationwide nursing shortage without qualified faculty and high rates of faculty turnover. Nor can we reduce turnover, if we do not have seasoned faculty to mentor the new. Our wages need to be brought up to or above the national standard, otherwise, I fear we will continue to loss nursing faculty and potentially schools of nursing.

Rhonda Darby, Minot ND: I am in my first year of being a Clinical Instructor for the Dakota Nursing Program out of Dakota College Bottineau. Previous to this job I was a Certified Wound and Ostomy Nurse and floor nurse for a local nursing home for 20 years. It was a position that allowed me to have weekends and holidays free. I enjoyed this job but felt that I would enjoy instructing nursing students more. I accepted the Clinical Instructor position and looked forward to a new phase in my nursing career. My decision has been a costly one. My wages have dropped by about $30,000/year. The state benefit package does not make up for that. Prior to accepting this position my spouse and I sat down and figured out a budget that we felt would work. We knew it would be a difficult transition but agreed to give it a try with the thought that a return to public nursing would still be an option. I had thought that I could make up some of my income by taking an "on-call" position but the meetings, retreats, tending to emails and the tasks that go along with any job makes scheduling in another job very difficult. While I love my job and feel that this is another career step I can grow and excel in I find myself facing another decision: Can I afford to stay in the Clinical Instructor job and still be able to save for retirement and do some of the things that make life worth living? I'm not sure yet. I certainly hope I can make it work but I also need to secure my financial future. If I leave then what would be the cost to the Dakota Nursing Program? DNP would need to spend resources on recruitment for another faculty member as well as the cost of the first year in training. DNP will also be losing a nurse with 20 years of nursing experience.

ND Rural Nursing Faculty: I work in a small rural area that supports a 2-year institution. We have awesome faculty but because of the low salary keeping that faculty has been a challenge. There are several 4-year universities in the state in bigger cities. Their salaries are quite a bit more and then ours but still lower than the national average. It can be hard to

go into education when you can make so much more working in healthcare facilities. However, we need educators in order to produce high quality nurses.

ND Nursing Faculty: As a staff nurse, I make at least $6-$7 more than what instructors are making. These are the ones that are teaching nurses to be nurses. There needs to be more incentive to instruct. Some of us aren't impressed by the Monday through Friday gig. I, personally don't mind working weekends and holidays most of the time. If instructors made as much or close to what staff/floor nurses make it would be more incentive to move to the teaching aspect. Also, more funding for furthering your degree for education is not a bad idea.

Dawn Romfo Bottineau: For the past five years, I have an ad out for a nursing faculty for two of my satellite nursing sites (Minot and Valley City). Dakota College at Bottineau pays their nursing faculty the lowest of all the nursing program across the state, which makes it hard to recruit and maintain faculty. Dakota College at Bottineau administrators have been very supportive to the nursing program by making some adjustment to the nursing faculty salaries, as much as they possibly could. However, the continuation of budget cuts hinders DCB's ability to be grow our nursing program, along with being competitive in recruiting qualified nursing faculty. Recruiting nurses from the healthcare systems to come to work in nursing education cost them a lot of money. They take approximately10 to 15% cut in salary, plus they have the added expense of student loans from their graduate programs. I have lost good, qualified nursing faculty due to them returning to work in healthcare for better pay. The DCB nursing faculty that have continued to work in the nursing program have extra duties to help compensate their low wages. I feel North Dakota cannot afford to lose good quality healthcare. Good quality healthcare begins in healthcare education, specifically nursing.

Jennifer Knudson, Tioga: I have been a nursing educator now for 3 1/2 years. Williston State College just started a nursing program in my home town (Tioga ND). What I have found is a significant need for increased funding and staff funding in order to continue to put out top notch nurses in the future. Currently our nursing students for instance; they have 2 items to utilize when practicing a skill, one for practice and one for re-demo. This is just not enough equipment necessary for students to have proper practice to enhance their necessary skill sets to be a proficient nursing student. The other issue I have seen is I am currently working as an adjunct instructor which requires my boss to be very diligent in what hours she feels I will exactly be working which makes me as an employee feel like I'm getting paid for 4.5 hours a day but yet I'm here sometimes 8 hours depending on student need which as an instructor that is my purpose, providing top notch students which may require more than the allotted hours set forth to teach a necessary skill depending on the students learning curve.

ND Rural Nursing Faculty: I have seen many qualified nursing faculty leave their positions with the NDUS due to low wages. I have also seen many of my fellow faculty struggle with paying back student loans on a faculty salary due to low wages and no raises. I think we need to focus on keeping not only nurses in the state but also the faculty that educate them.

ND Nursing and CNA Faculty: I am scheduled hourly, we get paid for just hours we teach. No lab set up or cleaning or take down of labs, and no laundry service. Student

consultations that require extra help are not covered. If a student misses a class and needs to make up a skill this can turn into 1 to 4 hrs. We need scheduled tutoring for second language students that is paid. The number of second language students is increasing and is time consuming before and after class. Many of them are smart enough but our English language is difficult for medical areas. The difficulty is that our language has many meanings for one word. Plus, older students and second language students lack confidence and need more help. We need to address these areas in college curriculum and add built in tutoring classes for CNA's which are badly needed in North Dakota.

ND Nursing Faculty: I am a new faculty in the nursing department and am truly enjoying the next chapter in my nursing career. Having worked for 30 years in the acute care setting of a large teaching hospital in SE MN, and during this time also taught in academia doing clinical and also some lecturing in the community college setting. It was a wonderful way for me to get my feet wet and realize how rewarding teaching my profession to students was. But the entire time I was doing so, I knew I could not leave the acute care nursing leadership setting for financial reasons. The salary was 1/2 that I was making in my current position as a nurse manager. Also, the tuition reimbursement for both of my advanced degrees from my current employer helped to keep me there, also with offering free CEU's to help keep my nursing license. Now with my relocation, for a new nursing leadership job and having this not be the right fit for me, or being in a less than professional environment, has landed me in academia at this point in my career. I am currently making 1/2 the salary of what I was making as a nurse leader, and working 9 months out of the year, so would hope to have a bit higher salary. Also, it would be nice to have help with some student loan repayment, as I currently have loans for my terminal degree, which also is a requirement for teaching in higher education.

ND Nursing Faculty: I have been working as a full-time faculty member for the past 8 years. I was encouraged to enroll in a PhD program during my yearly evaluations. I am currently paying on my student loans from my master's degree education and now I am taking out loans to fund my doctoral education. I am concerned about paying my loans when I am finished with my PhD. If a salary increases or loan forgiveness program is not an option in the future, I will need to move out of North Dakota. I have been a registered nurse for over 20 years and have over 10 years' experience as a faculty in a college setting.

ND Nursing Faculty: I love nursing. The only thing I ever wanted to do as a child was be a nurse. As I grew in my nursing career I realized I could impart my love for nursing to students. I went back to school and spent roughly $25,000 for a master's Degree. I am working full time as an Assistant Professor of Nursing within the university system. I make less money with a master's Degree than my new graduates with an Associate Degree in Nursing. Every nursing friend I have who would like to further their education has no intention to go into nurse education. Why would they? Does it make sense to spend thousands of dollars only to take a pay decrease and increase your workload immensely? Nursing educators work all day at the office teaching and then go home and correct papers and plan lectures all evening and weekend. Compensation is absolutely unfair and unjust. With a dire need for more nurses why can colleges not find nursing faculty? Because the compensation is ridiculously low and workload is astronomical. I have been teaching 10 years and am currently working with a facility to go back to working the floor. I could work my three scheduled 12-hour shifts, come home and spend my other four days with my

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family doing things I enjoy, AND MAKE MORE MONEY. Right now I am working 60+ hours. Compensation is absolutely the #1 factor nursing educators are leaving and why nurses are not going back to school for their MSN and teaching. Why have I been here this long, I do love it. I love teaching and I love working with students. But, the compensation is too unfair to continue.

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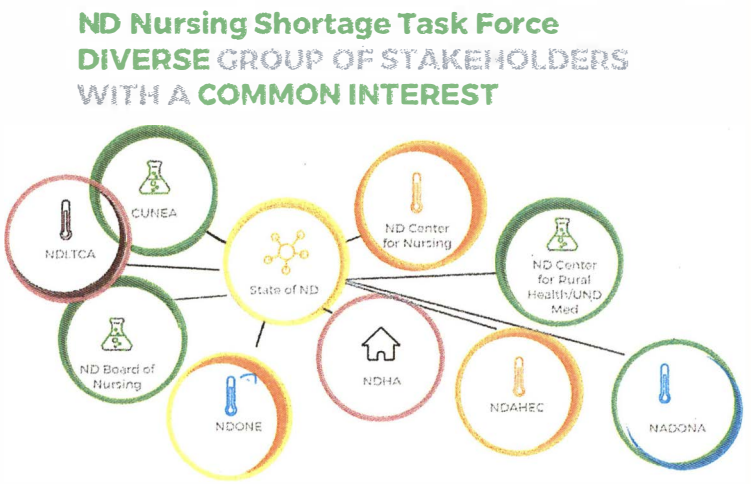
Targeted 2019 Legislative Session Solutions to Address

North Dakota's Nursing Workforce Shortage

A shortage of nurses compared to demand has existed to some extent for twenty-five years and yet today's shortage is uniquely serious. The retirement of baby boomers, the aging population and the associated increase in healthcare needs of our nation's largest generation has intensified the issue, leading to the need for more nurses and supporting healthcare workers across the state. Nursing forms the base for the economic engine for North Dakota's communities. The rural North Dakota landscape makes this shortage particularly acute due to the limited program capacity and distance.



Over the last two years, the Governor's Nursing Shortage Task Force met to develop a set of strategies for ensuring a healthy nursing workforce. The final report released in September 2018 included fifteen strategies including the 6 that require legislative support form an **interoperable plan**. All strategies are needed to fully address the nursing shortage. Testimony from nurses across the state and all linked resources/data are available on our webpage at https://www.ndcenterfornursing.org/nursing-shortage-solutions/

Solution 1: Legislative Support to provide continued funding for all nursing programs through the ND University System budget (HB 1003) and faculty base salary and raises as recommended by the Governor. This will provide continue critical capacity to educate future nurses.

Solution 2: Legislative support to provide stable funding to health care facilities provided in the ND Department of Human Services Budget (SB 2012) to raise nurse salaries. This includes maintaining reauthorization of the Medicaid Expansion program with current rates, continued funding for the Nursing Facility Scholarship and Loan Repayment Program and an amendment to increase the inflationary adjustment inflator to 3%.

Solution 3: Legislative support to increase nursing education program capacity in rural areas and online through the Rural Nursing Grant Pilot Program as a Governors recommended amendment to the ND Department of Commerce Budget (HB 1018) as a one-time expenditure of $750,000 from the Strategic Investment and Improvement Fund.

Solution 4: Legislative support to increase the number of master's and doctorate prepared faculty through the ND Pilot Faculty Tuition Support Program as a Governor recommended amendment and an increase in funding to $300,000 in the ND Department of Commerce Budget (HB 1018) as a one-time expenditure from the Strategic Investment and Improvement Fund.

Solution 5: Legislative support to provide for increased out-of-state marketing with nursing a priority occupation as a part of the State Marketing Initiative as a $3.0 million Governor recommended amendment to the ND Department of Commerce Budget (HB 1018).

Solution 6: Legislative support to increase NDUS nursing education program salaries to national averages to compete with other states to attract and retain faculty through an amendment to the ND University System Budget (HB 1003) of $2,070,930 to raise faculty salaries to the national average.

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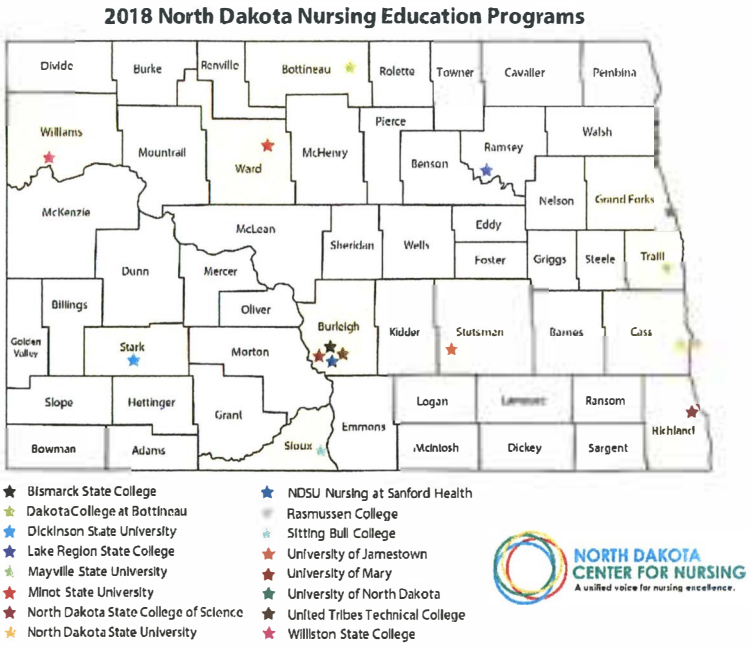
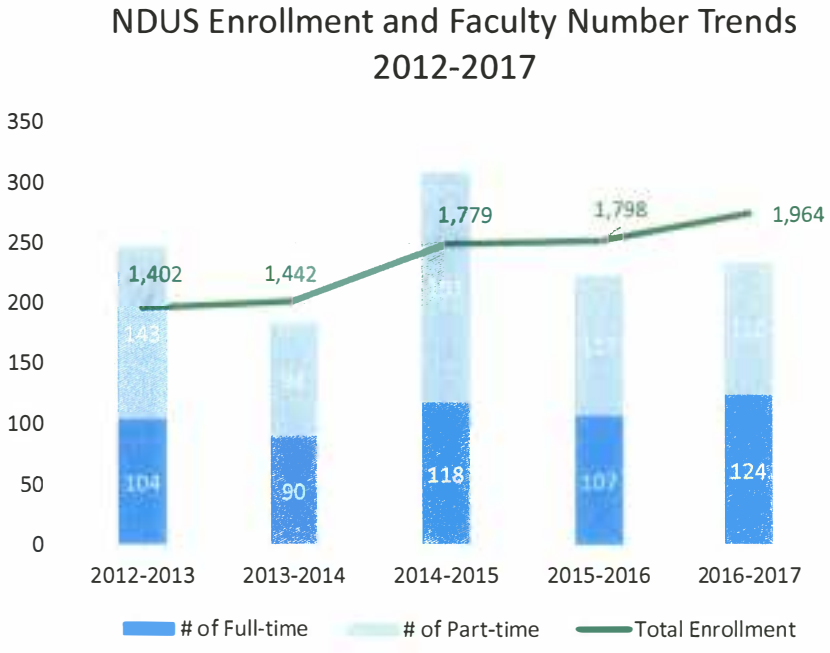
Solution 1: Legislative Support to provide continued funding for all nursing programs through the ND University System budget (HB 1003) and faculty base salary and raises as recommended by the Governor. This will provide continue critical capacity to educate future nurses.

North Dakota currently has sixteen nursing education programs including preparation for LPN, RN, Advanced Practice Nurses and other graduate education programs. There are also several programs on the border with Minnesota including University of Minnesota Moorhead, Concordia College, and Northland Technical College. These colleges have continued to increase enrollment in response to the nursing shortage. This increase has occurred even with fewer faculty available and continued reliance on part-time faculty. Over the last several years, colleges have turned to part-time faculty to fill in gaps when faculty have left the state and to fill in specialty areas. The heavy reliance on part-time faculty has also lead to all of the student advising, curriculum development and running of departments to fall on the far fewer full-time faculty. This "do more with less" ideology resulted in faculty working an average of 62 hours per week. This has also placed programs at maximum capacity.



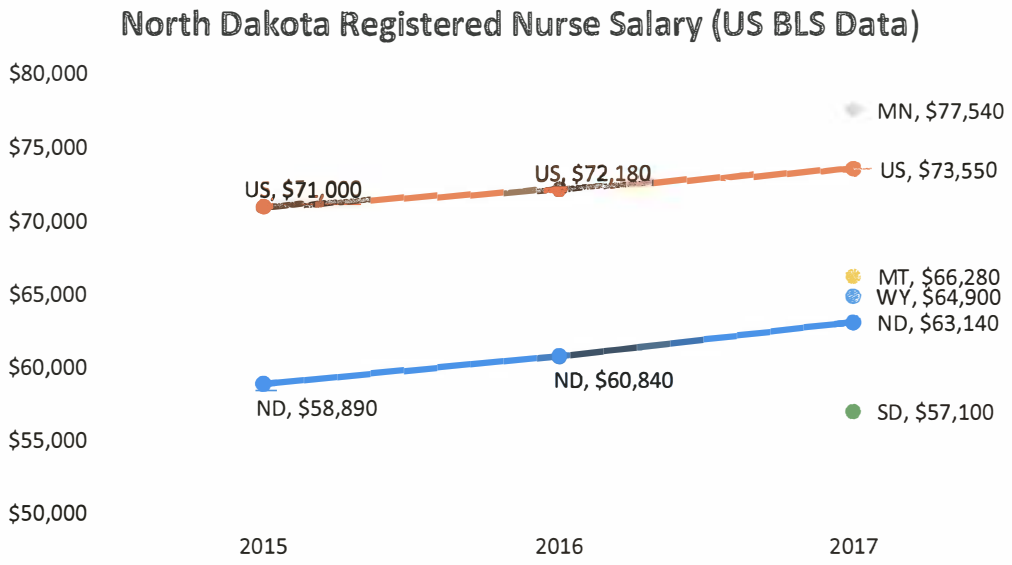


Even with the increase in enrollment over the last few years, this will not solve the nursing shortage. Projections indicate that at the current capacity, we will still have a shortage of 856 RNs/APRNs and 384 LPNs by 2026.

Continued funding for North Dakota University System as allocated in HB 1003 and salary raises will be critical to retaining current faculty and to maintain current enrollments.

Solution 2: Legislative support to provide stable funding to health care facilities provided in the ND Department of Human Services Budget (SB 2012) to raise nurse salaries. This includes maintaining reauthorization of the Medicaid Expansion program with current rates, continued funding for the Nursing Facility Scholarship and Loan Repayment Program and an amendment to increase the inflationary adjustment inflator to 3% or through a provider assessment that is matched with federal funds.

As the largest health profession, nursing salary is the most impacted by insufficient funding. Salary is a critical issue to recruiting and retaining nurses in all health care facilities. There is a gap between the number of nurses licensed in ND compared to the state-wide need for highly skilled nurses. Vacancy rates range from 4.97% to 12.44% depending on type of nurse, location and setting. With projected increases in population throughout the state of ND, nursing jobs are expected to continue to grow through 2026 resulting in a need to increase licensed nursing staff. For the past three years, RN salaries have been below the national average and in 2017 they are $14,400 below Minnesota, $3,140 below Montana and $1,750 below Wyoming (US Bureau of Labor Statistics Wage Estimates 2015-2017) Similar salary disparities are found for CNAs, LPNs and APRNs. This disparity impacts the ability of North Dakota health care facilities to recruit nurses, especially those on the borders of Minnesota and Montana.



Nurse salary is a large percentage of health care facility budgets and they form the base for all patient care. Since 1990, facilities have received inflationary adjustments in order to continue to support staffing. This was frozen two sessions ago and in 2019 it will be 5 years since an increase. Meanwhile, facilities have used up reserve funds and without an immediate change will risk closure. **We support a 3% inflationary adjustment.**

The Governor's recommended budget also includes the transition of the Sanford Health Plan back to ND Medicaid and transitions the current expansion rates to traditional Medicaid rates. This move will result in a state budget savings of $24.2 million but will have a net impact on healthcare infrastructure of $193.3 million. Since the Medicaid expansion program is supported through federal funds, the state will lose the money that is matched. For every $10 the state invests in Medicaid expansion, the federal government matches $90. **We support reauthorization of the Medicaid Expansion program with current rates.**

The Nursing Facility Scholarship and Loan Repayment program provides up to $15,000 in reimbursement for staff that are enrolled in nursing programs and provide 6,656 hours of employment after completion of their program. This program is desperately needed in the current nursing crisis. Since its inception this has been a pass through cost, reimbursing every facility through the rate structure. This has allowed for the education of hundreds of nurses. The Governor's recommendation changes to funding as an indirect expense and eliminates most nursing facilities from utilizing this program. **We support the continued funding of this important program.**

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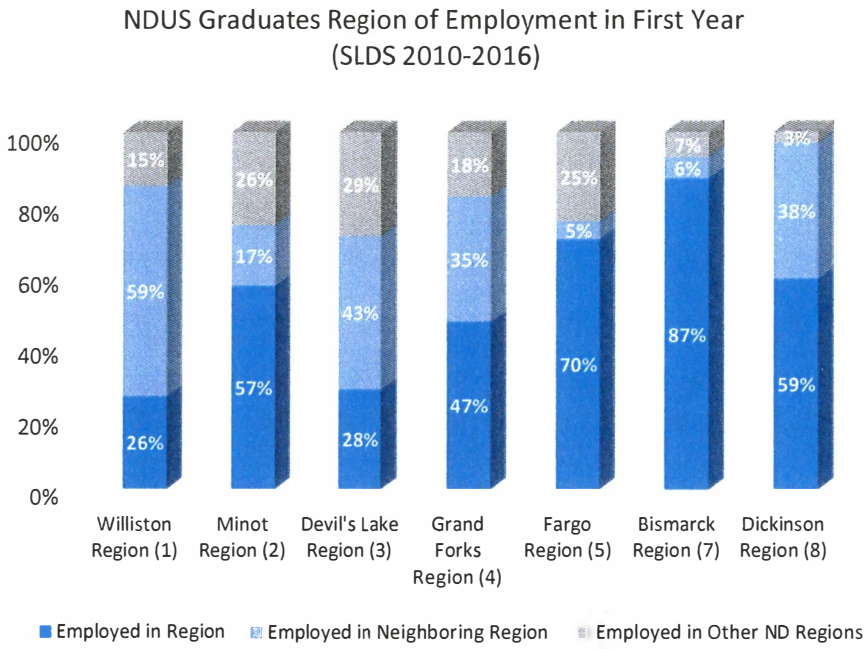
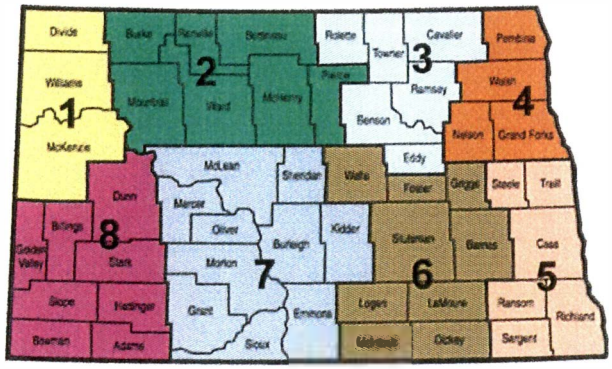
Solution 3: Legislative support to increase nursing education program capacity in rural areas and online through the Rural Nursing Grant Pilot Program as a Governors recommended amendment to the ND Department of Commerce Budget (HB 1018) as a one-time expenditure of $750,000 from the Strategic Investment and Improvement Fund.

Statewide longitudinal data system (SLDS) findings indicate nursing students tend to work near where they attend school. This especially applies to Fargo and Bismarck. However, students that attend nursing programs in rural areas work in their region or neighboring rural counties. Although nursing programs are located through the state, newer models have found that smaller rural cohorts offered by established nursing programs and non-traditional delivery systems located within health care facilities are effective and reduces the distance students must travel. These delivery systems include on-site learning labs in almost every aspect of the curriculum and create additional benefits through dual-roles enhancing student instruction.





We propose funding for the development of additional rural cohort nursing program sites. Sites will be developed by health care facilities and educational programs who would jointly apply for competitive pilot program funding that would include a matching cash or in-kind investment. It is anticipated that up to 10 sites will be funded at $50,000 each plus $20,000 health care facility match (of which $10,000 could be in-kind match).

The program would also include funding for the development of one or more hybrid online programs which would help to reach rural students. Theory courses would be offered online with lab and clinical components delivered on-site at rural facilities and would need to comply with regulatory and accreditation standards. Interested programs would apply for grant funding for a total available amount of up to $200,000 which may include a year of curriculum development, obtaining regulatory and accreditation approvals, articulation agreements, marketing and one year of pilot implementation. New and innovative models can receive special consideration and approval under the NDBON Innovation in Nursing Education program. The program administered by the North Dakota Center for Nursing will both include a competitive grant process which will ensure a cost-effective start-up and ensure sufficient subject matter expertise and objectivity.

Funding of the Rural Nursing Grant Pilot program will provide the resources to increase the availability of nurses across communities across the state.

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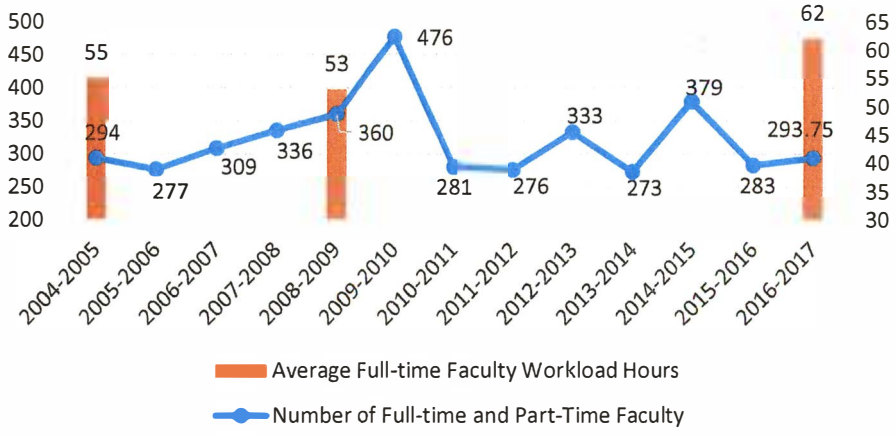
Solution 4: Legislative support to increase the number of master's and doctorate prepared faculty through the ND Pilot Faculty Tuition Support Program as a Governor recommended amendment and an increase in funding to $300,000 in the ND Department of Commerce Budget (HB 1018) as a one-time expenditure from the Strategic Investment and Improvement Fund.

The Higher Learning Commission establishes the requirements for higher education to receive accreditation on a regional and national level. Nursing faculty positions require a master's or doctorate-level degree and ND is experiencing a chronic shortage of faculty. Nursing program chairs in BSRN and graduate programs are required to hold a doctorate degree and in 2016-2017 only 27% of current faculty had achieved this level of education; this is an especially challenging position to recruit as the current chairs retire. Three factors have made this challenging for faculty to obtain.

The first factor is low faculty salaries as compared to practice settings. Faculty salaries are substantially lower than advanced practice nursing roles such as Nurse Practitioners and lower than national averages. The second factor is student loan debt. Faculty that do attend advanced degree programs end up with student loan debt that exacerbates low faculty salaries. In 2016, 40% of nursing faculty had student loan debt of more than $10,000 and 10% had more than $50,000 in student loan debt. The third factor is faculty workload. Since a peak in 2009-2010, ND nursing programs have reduced the number of full- and part-time faculty years. Reduction has occurred while program capacity was increasing. This "do more with less" ideology resulted in faculty working an average of 62 hours per week in 2016 which is more than 2008 or 2004 when they were last gathered.

2004-2017 ND Nursing Program Number of Faculty and Estimate of Workload
(NDBON Education Report; Moulton et al. 2004, 2008,2016)



In response to the shortage of advanced degree prepared nursing faculty, the North Dakota Board of Nursing created the Faculty Development Program in 2011. This program facilitates the growth of faculty to meet the national and state requirements for teaching in nursing education by allowing faculty that are in the process of obtaining their master's or Doctorate degree to hold a faculty position while completing the degree. Faculty in the program are paired by their employer with a mentor and their progress is tracked on a semester by semester basis. In 2016-2017 there was an average of 43 faculty enrolled in the program during the academic year making up about 20% of the total number of faculty (NDBON Education Annual Report).

The proposed Pilot Faculty Tuition Support program will include a competitive grant process to provide up to $5,000 in tuition/fees to full-time faculty and $2,500 in tuition/fees to part-time faculty. Each faculty will be required to complete an employment commitment at a North Dakota Nursing education program (public/tribal/private) prior to receiving tuition support. **In order to accomplish this, we propose an increase in funding for this program for a total of $300,000 over the next biennium**. The proposed program will support up to 20 full-time faculty, and 10 part-time faculty each year during the biennium as they attend master's and doctorate programs. Priority will be provided for those faculty that are enrolled in the Faculty Development Program. To increase diversity and faculty working in rural areas, up to five in each category will be reserved for minority (especially Native American and New American) and tribal or rural faculty. The North Dakota Center for Nursing will administer the ND Pilot Faculty Tuition Support program which will both include a competitive application process which will ensure a cost-effective start-up and ensure sufficient subject matter expertise and objectivity.

P.S

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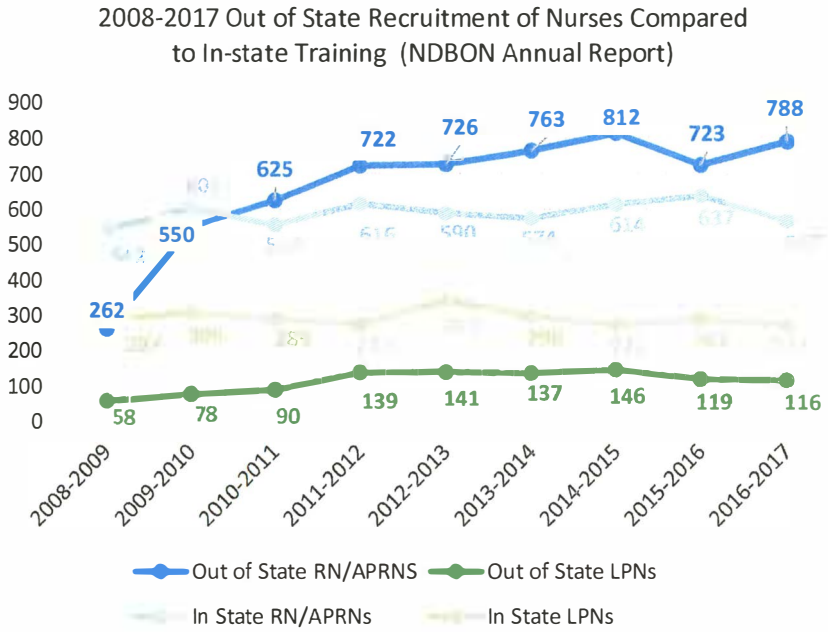
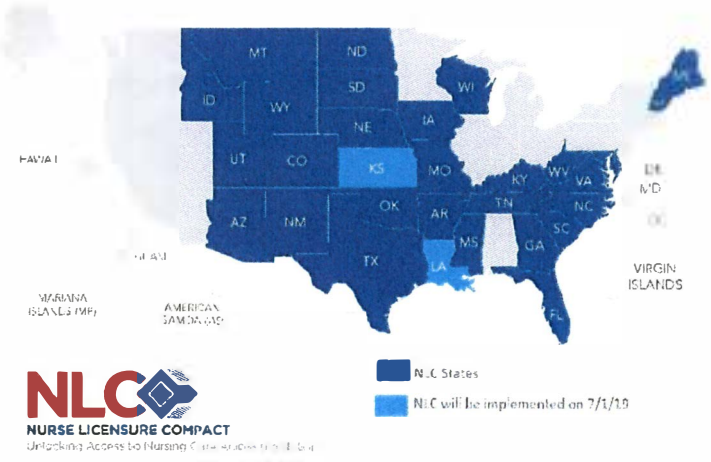
Solution 5: Legislative support to provide for increased out-of-state marketing with nursing a priority occupation as a part of the State Marketing Initiative as a $3.0 million Governor recommended amendment to the ND Department of Commerce Budget (HB 1018).

North Dakota has dramatically increased the number of new RNs and APRNs that have migrated into the state since 2008. In fact, in the last 8 years North Dakota has recruited more RNs and APRNS than it has produced through public and private nursing education programs. This not the same for LPNs. For many years LPNs have trained and stayed in North Dakota and there is little movement into the state.



North Dakota is in a great position to increase recruitment of out-of-state nurses. We are a part of the Enhanced Nurse Licensure Compact which is an interstate compact allowing a nurse to have one license (issued by the primary state of residence) with the privilege to practice in other compact states (both physically and via technology used in telenursing). There are 31 states within the compact. This means that nurses can migrate into North Dakota quickly if they are from one of the compact states. ND has also signed onto the Advanced Nurse Licensure Compact which has not been enacted yet. When it is activated, this will provide the same seamless transition for APRN licenses. In addition, for those nurses not from Compact states, North Dakota has a streamlined licensure process and minimal clinical practice and continued education requirements as compared with other states. Processing time for new applications is 1-2 days which is faster than many states. Some of which have timelines of up to 6 weeks. Temporary permits are available for student applicants, applicants from non-compact states, and military spouses. In addition, ND is one of only 16 states that have full practice authority for APRNS with no condition on prescribing or scope of practice. All licensed nurses receive many services including continuing education and career assistance through an automatic membership with the ND Center for Nursing.

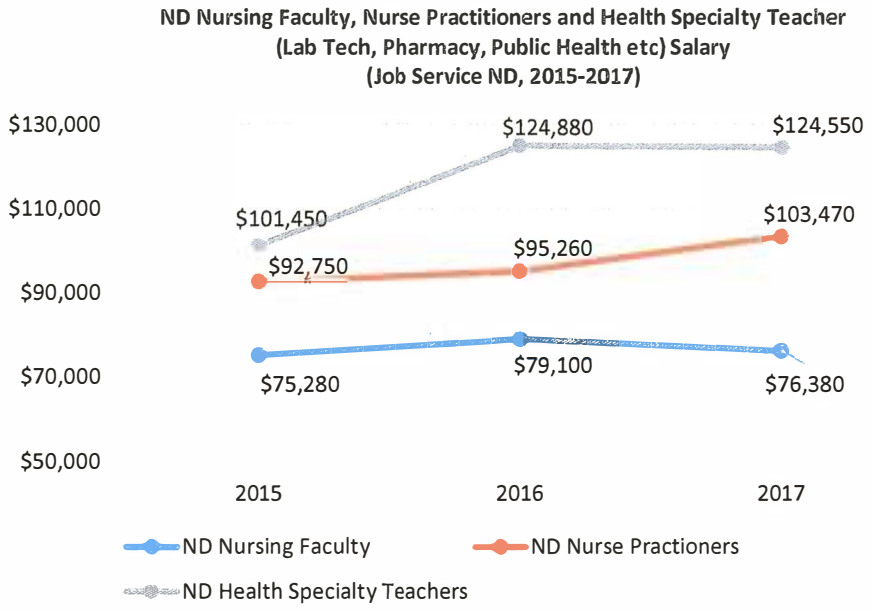


Health care as an industry is an active member of the Department of Commerce Recruiter Network and have been working together to target out-of-state job seekers. **We support the prioritization of nursing as a part of the State Marketing Initiative**

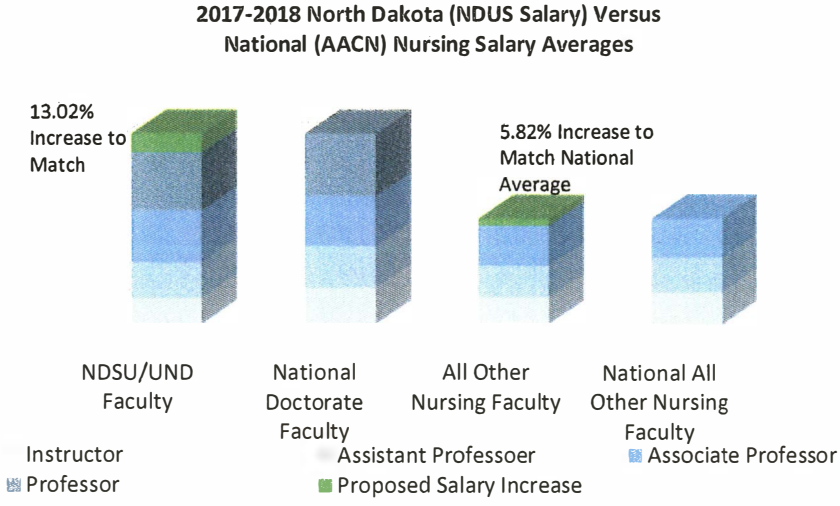
Solution 6: Legislative support to increase NDUS nursing education program salaries to national averages to compete with other states to attract and retain faculty through an amendment to the ND University System Budget (HB 1003) of $2,070,930 to raise faculty salaries to the national average.

Nursing Education programs struggle to retain nursing faculty to maintain current class sizes let along increase class sizes to meet demand. The number of faculty position openings has increased from 6 FTE in 2010-2011 to 18.75 FTE in 2016-2017 school year. Chronic budget cuts and salary freezes have led faculty to explore opportunities out of state, out of teaching or out of the profession. Thirty-six percent of faculty indicated that they have considered changing their employment to a role outside of nursing education in the last three months (such as practice) (Moulton, 2016)

ND nursing education programs compete with two markets to recruit and retain faculty. The first market is with nursing practice in health care facilities within North Dakota. Faculty positions require a Master's degree or Doctorate degree according to national accreditation standards and Higher Learning Commission standards. Advanced Practice Registered Nurses also require similar degrees but receive much higher salaries than faculty. In the last three years, budget cuts have resulted in a decrease in nursing faculty salaries which is in a stark contrast with nurse practitioner salaries.



The second market is with out of state colleges and universities. Faculty recruitment is conducted within a national and worldwide market. North Dakota has struggled to compete on this market. ND faculty are also heavily recruited by nursing programs outside of the state. In 2016, 35% of faculty indicated that they had been contacted in the past year by a recruiter.



To raise salaries to compete nationally, an increase of 13.02% for UND/NDSU faculty and 5.82% for faculty at colleges and universities is required.

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ND Nursing Shortage Taskforce Final Recommendations

Goal: Maximize Entry into Nursing Programs		
Strategies	**Status / Key Findings**	**Funding**
Implement a standardized application process and deadline to allow for a cohesive consideration and accurate program counts	Common application developed. Waiting for funding to implement system	In-kind effort by CUNEA and NDUS Estimated start-up cost $261,909- not in budget
Develop and distribute a career pathway map.	Map developed.	Included in NDCFN strategic plan
Measure ND High School graduate acceptance and impact of CTE classes.	Health Care CTE concentrators are more likely to complete a NDUS nursing degree	In-kind by SLDS, NDUS, Commerce, NDCFN
Goal: Expand Program Capacity with a Focus in Rural Areas		
Strategies	**Status / Key Findings**	**Funding**
Examine out-of-state distance programs utilization of ND clinical sites.	Most students are ND residents using out of state online programs or are students utilizing MN/ND border programs.	In-kind effort- NDBON
Promote development of nursing education program sites to address rural needs.	Proposed program developed.	Legislative Support Needed (Solution #3)
Promote development of additional rural clinical sites including housing and community inclusion programs.	Under development.	In kind effort- NDAHEC
Develop a best practice model for "dual-role" practitioner/faculty member and pilot.	Models of in-state programs developed and shared.	In-kind effort by CUNEA, NDONE
Promote increased recruitment and retention of nursing faculty through faculty tuition support programs and increased funding for salary.	Proposal developed.	Legislative Support Needed (Solutions #4 and #6)
Study completion (attrition and graduation) rates for nursing programs to determine whether existing capacity is optimized.	100% completion rates ranged from 56% to 85% depending on type of program. When academically dismissed students are excluded rates range from 70% to 94%.	In-kind effort by NDCFN, CUNEA
Goal: Retain ND Nursing Program Graduates and ND Practicing Nurses		
Strategies	**Status / Key Findings**	**Funding**
Develop Nurse Licensure Requirements comparison document with other states.	NDBON License applications are processed in 1-2 days, ND requires much less CE and practice hours for licensure than other states.	In-kind effort by NDBON
Promote development of a nursing loan repayment program contingent on ND retention.	Comparison with other states and proposal developed	In-kind effort by NDCFN, NDHD, NDLTCA Funding needed for implementation
Develop best-practices framework for organization to assess workplace culture.	Culture retreat held with Blue Cross/Blue Shield Caring Foundation support, grant writing in progress to fund development of framework	In-kind effort by NDCFN Grant Funding needed to support development
Conduct study to determine why nurses are leaving the state and employers.	Grant Proposal developed and is under revision to resubmit to National Council of State Boards of Nursing for funding	In-kind effort by NDCFN Grant funding needed to conduct study
Examine populations with barriers to education and employment in nursing profession.	Proposed strategies developed, working on developing grant applications	In-kind effort by NDCFN Funding needed to implement strategies.

Questions? Contact Patricia Moulton, PhD, Executive Director, ND Center for Nursing
patricia.moulton@ndcenterfornursing.org

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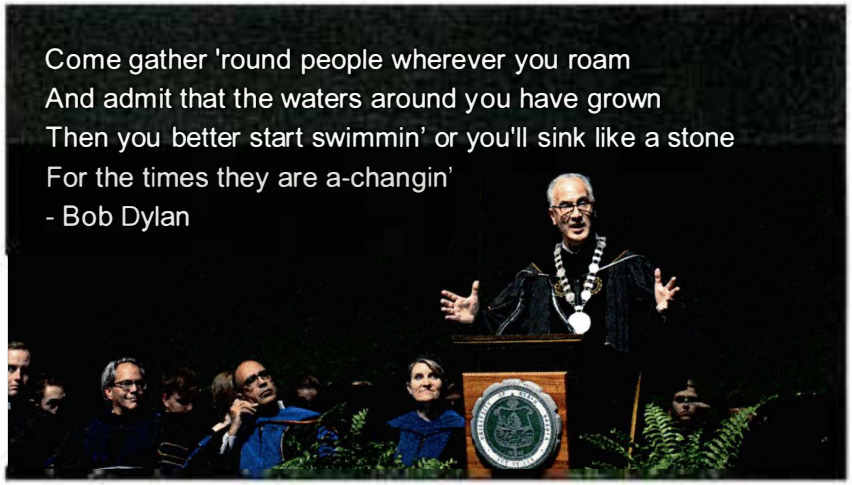
Inflection Point for North Dakota

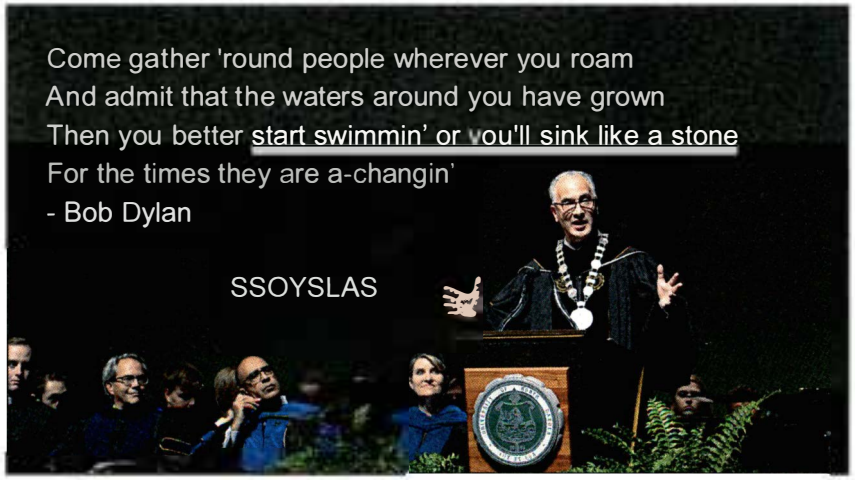
Swim

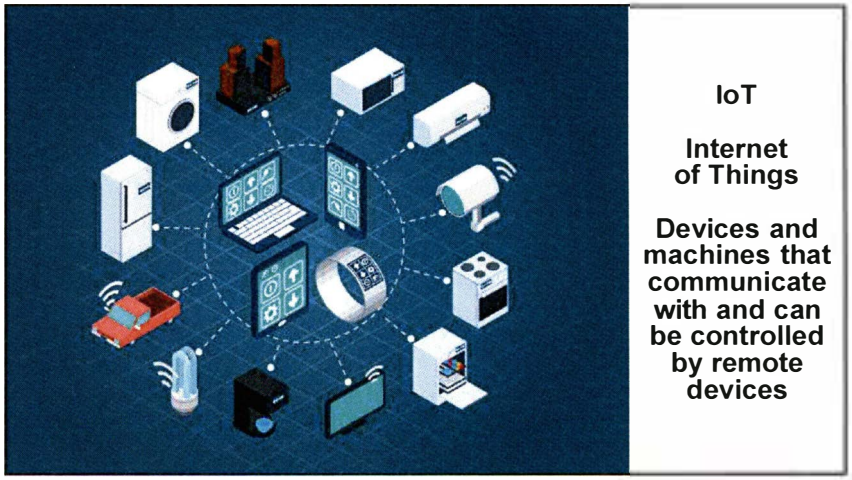
Sink

President Mark Kennedy
North Dakota House of Representatives
January 15, 2019

UNIVERSITY OF NORTH DAKOTA
LEADERS IN ACTION







IoT

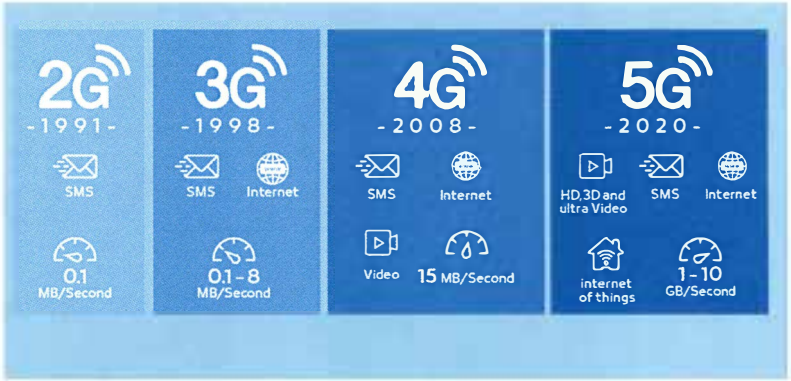
Internet of Things

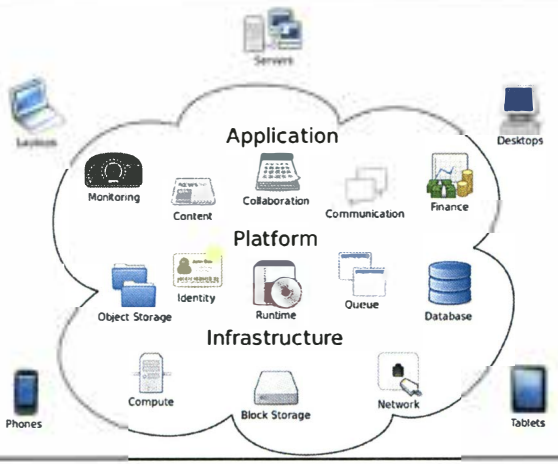
Devices and machines that communicate with and can be controlled by remote devices



Industrial machines like Bobcat have embedded sensors and computing devices

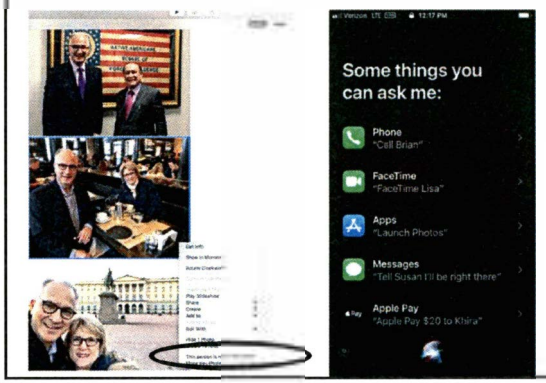
5G phones transmit data 65 - 650 times faster





Cloud computing makes data processing easily accessible

With AI - Artificial Intelligence - computers learn and are expanding into visual perception, speech recognition, language translation and decision making



Virtual assistants
Advance robotics
Adv. manufacturing
Self-driving vehicles

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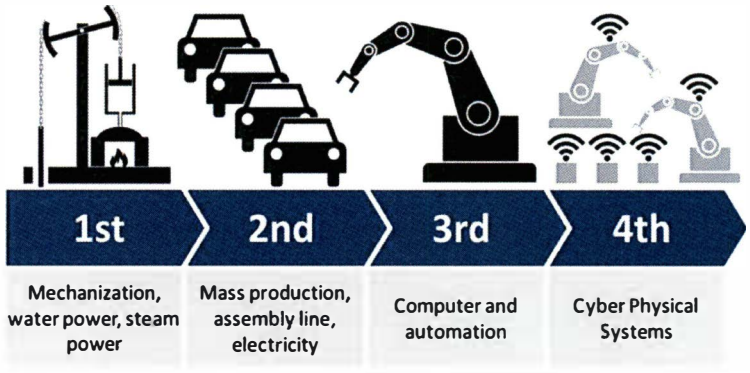
Cyber security required to protect expanding data pool upon which we are increasingly dependent



The technologies are part of the Fourth Industrial Revolution (4IR) that is transforming all aspects of our lives

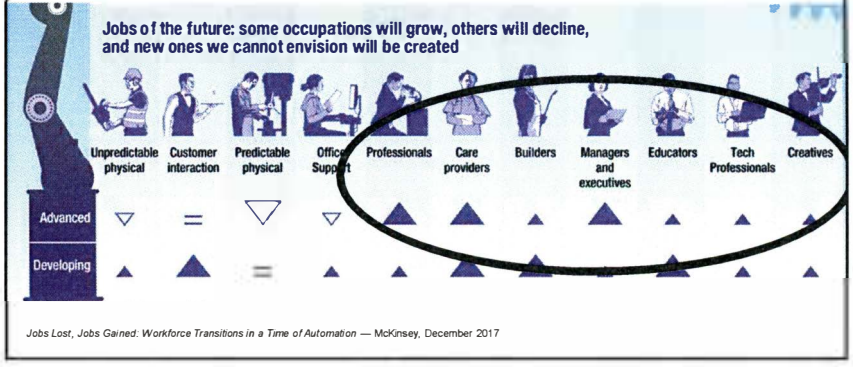


4IR is accelerating automation



Jobs Lost, Jobs Gained: Workforce Transitions in a Time of Automation — McKinsey, December 2017

New Economy jobs align with UND focus



Jobs Lost, Jobs Gained: Workforce Transitions in a Time of Automation — McKinsey, December 2017

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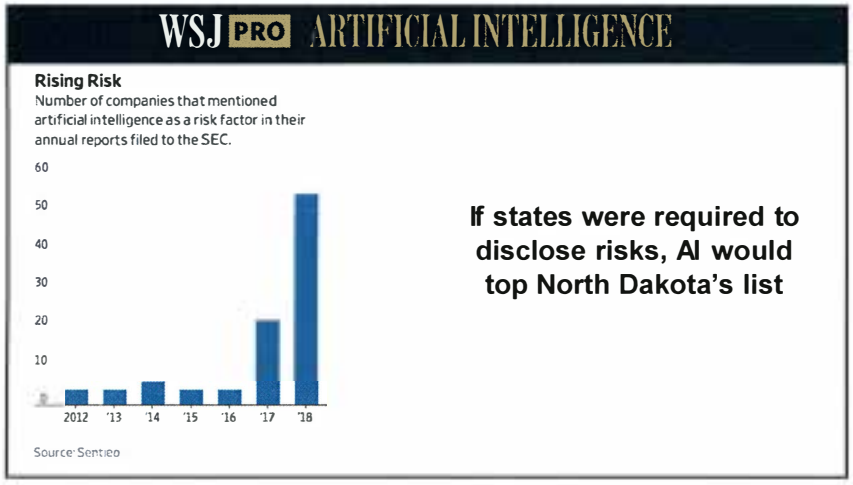
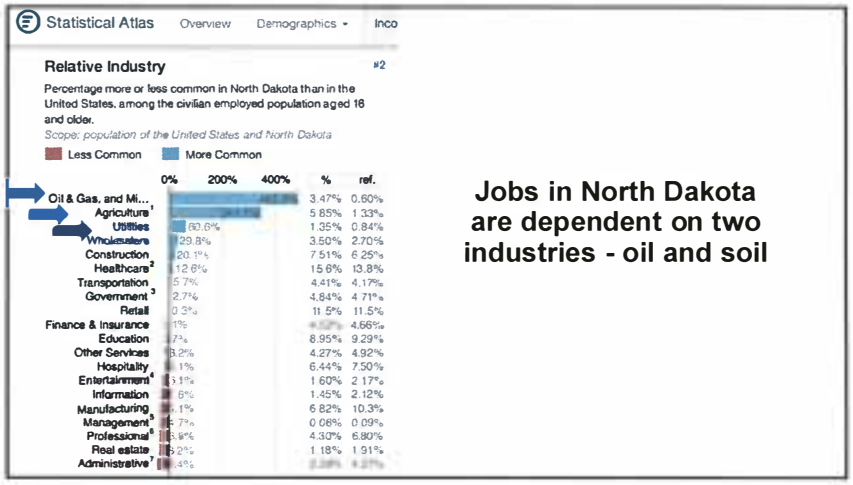
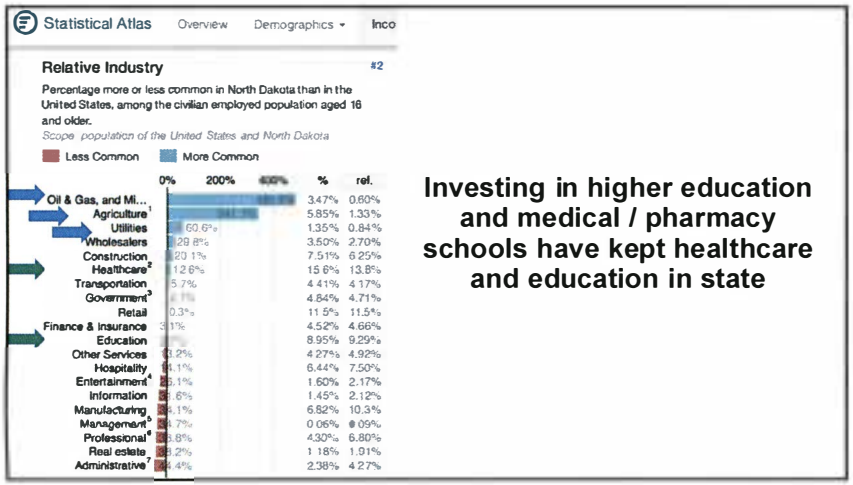


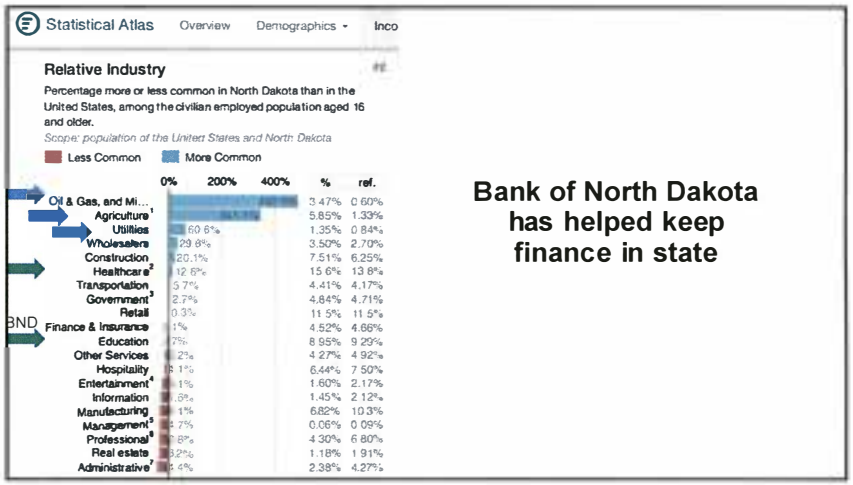
If states were required to disclose risks, AI would top North Dakota's list



Jobs in North Dakota are dependent on two industries - oil and soil



Investing in higher education and medical / pharmacy schools have kept healthcare and education in state



Bank of North Dakota has helped keep finance in state

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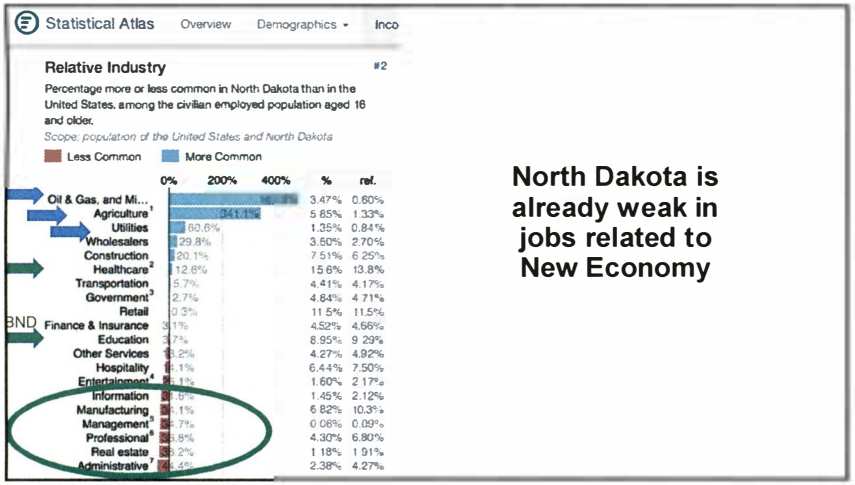
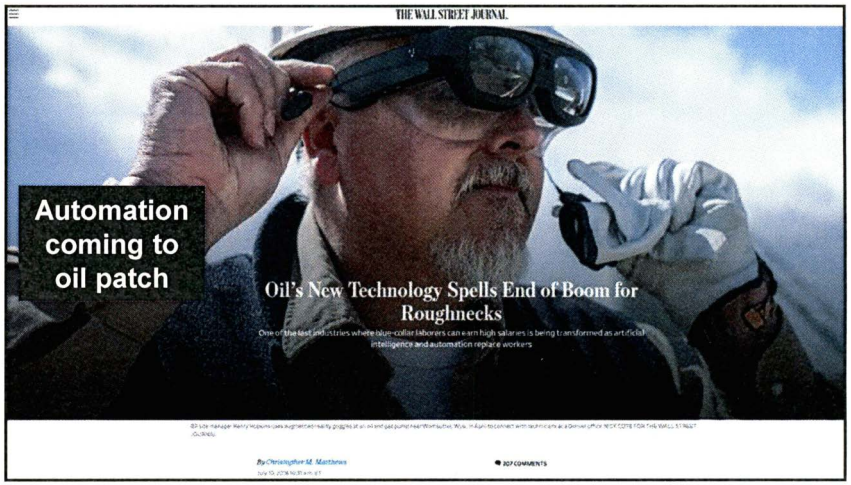


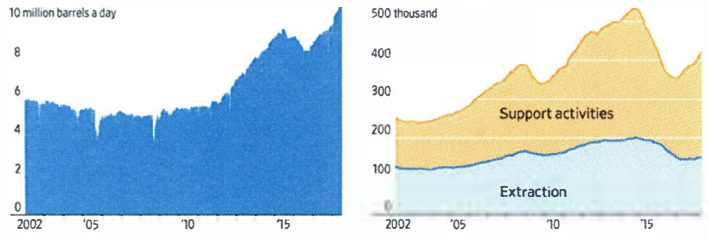
North Dakota is already weak in jobs related to New Economy

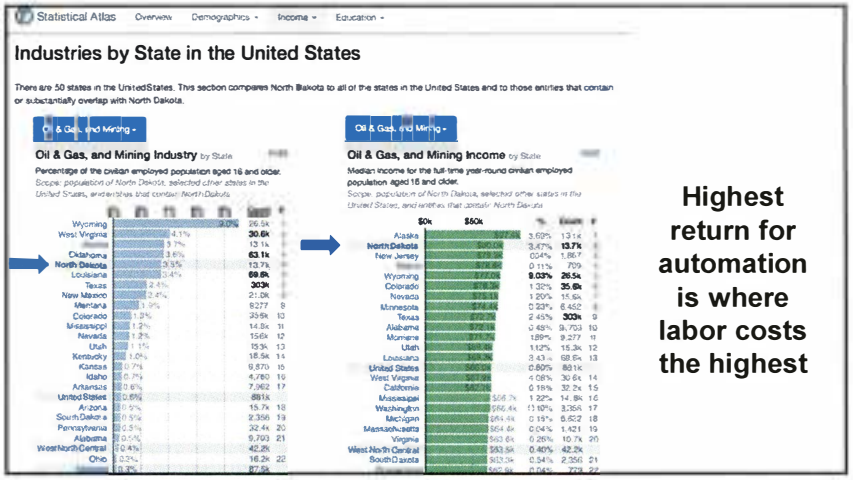


Extraction employment has not risen with production

Shrinking Workforce

U.S. oil production is at an all-time high even though employment is down from the 2014 peak.





Highest return for automation is where labor costs the highest

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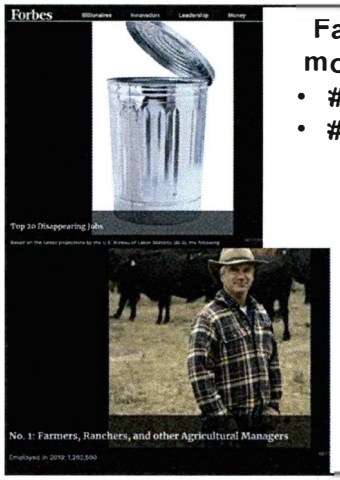
Automated control systems can send commands to underground tools… Smaller teams of technical specialists located in remote operations centers are replacing laborers on the ground, who in the past made adjustments manually.



Farmers on the list of most likely automated:

- #1 - Forbes
- #6 - FAST Company

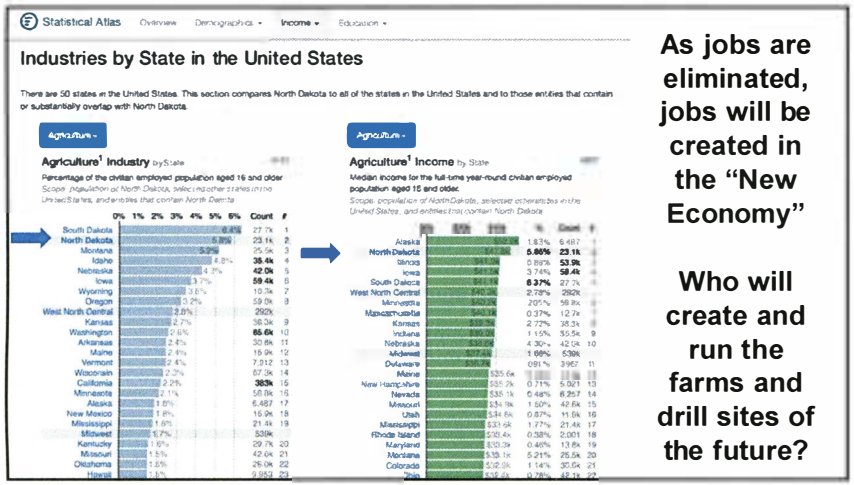
FAST COMPANY

Bet You Didn't See This Coming: 10 Jobs That Will Be Replaced By Robots

FAST COMPANY

6. FARMERS

Farmers are being replaced by artificially intelligent robots that can do everything from milk cows to pull lettuce. A family-owned dairy farm in Germany is one of the first to install VoluntaryMilkingSystem robots that allow cows to walk up to the machines at their leisure when they want to be milked. reports *Modern Farmer*. And more than 1 million of the U.S.'s farmhands could see their jobs replaced by intelligent machines that do everything from weed cabbage patches to pick apples, reports Quartz.



As jobs are eliminated, jobs will be created in the "New Economy"

Who will create and run the farms and drill sites of the future?



"To what degree does the structure [of a state's economy] match the ideal structure for the innovation-driven New Economy"

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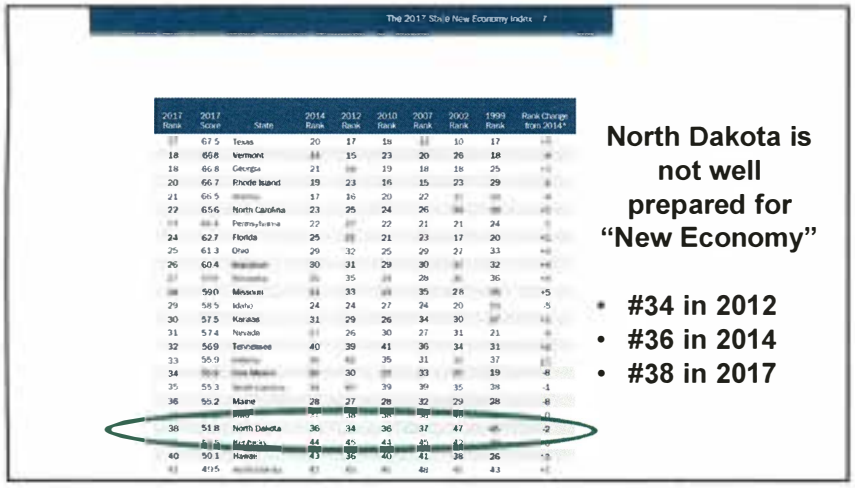

2017 Rank	2017 Score	State	2014 Rank	2012 Rank	2010 Rank	2007 Rank	2002 Rank	1999 Rank	Rank Change from 2014*
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18	66.8	Vermont	[illegible]	15	23	20	26	18	[illegible]
18	66.8	Georgia	21	[illegible]	19	18	18	25	[illegible]
20	66.7	Rhode Island	19	23	16	15	23	29	[illegible]
21	66.5	[illegible]	17	16	20	22	[illegible]	[illegible]	[illegible]
22	65.6	North Carolina	23	25	24	26	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Pennsylvania	22	[illegible]	22	21	21	24	[illegible]
24	62.7	Florida	25	[illegible]	21	23	17	20	[illegible]
25	61.3	Ohio	29	32	25	29	27	33	[illegible]
26	60.4	[illegible]	30	31	29	30	[illegible]	32	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	35	[illegible]	28	[illegible]	36	[illegible]
[illegible]	59.0	Missouri	[illegible]	33	[illegible]	35	28	[illegible]	+5
29	58.5	Idaho	24	24	27	24	20	[illegible]	-5
30	57.5	Kansas	31	29	26	34	30	[illegible]	[illegible]
31	57.4	Nevada	[illegible]	26	30	27	31	21	[illegible]
32	56.9	Tennessee	40	39	41	36	34	31	[illegible]
33	55.9	[illegible]	[illegible]	[illegible]	35	31	[illegible]	37	[illegible]
34	[illegible]	[illegible]	[illegible]	30	[illegible]	33	[illegible]	19	-8
35	55.3	[illegible]	[illegible]	[illegible]	39	39	35	38	-1
36	55.2	Maine	28	27	28	32	29	28	-8
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0
38	51.8	North Dakota	36	34	36	37	47	[illegible]	-2
[illegible]	[illegible]	[illegible]	44	45	44	45	42	[illegible]	[illegible]
40	50.1	Hawaii	43	36	40	41	38	26	[illegible]
[illegible]	49.5	[illegible]	[illegible]	[illegible]	[illegible]	48	[illegible]	43	[illegible]

North Dakota is not well prepared for "New Economy"

- #34 in 2012
- #36 in 2014
- #38 in 2017





Will we be able to keep millennials we recently attracted?

Millennials move to North Dakota

By Cynthia McLaughlin | Posted Thu 7:14 PM, Oct 19, 2017

BISMARCK, N.D. - A generation ago, North Dakota was concerned about a long-term trend of young people moving out of state

But now we have the highest rate of in-migration of any state in the nation.

A strong economy, growing industries and low unemployment rates are very appealing to the incomers, especially one group. Millennials, ages 18 to 34 have been taking over. According to the State's Census Office, North Dakota has the highest percentage of Millennials of any of the 50 states. The younger generation followed the mon




NORTH Dakota
North Dakota Tradition: Not becoming dependent on out of state mills & banks
Slow drift of people out of state won't begin because we lack infrastructure
It will be because we did not prepare to capture New Economy jobs that will replace primary sector jobs


NORTH Dakota
North Dakota Tradition: Not becoming dependent on out of state mills & banks
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It will be because we did not prepare to capture New Economy jobs that will replace primary sector jobs
SSOYSLAS


What does North Dakota need from UND to thrive in New Economy?


Thriving in New Economy
What North Dakota needs from UND
Talent
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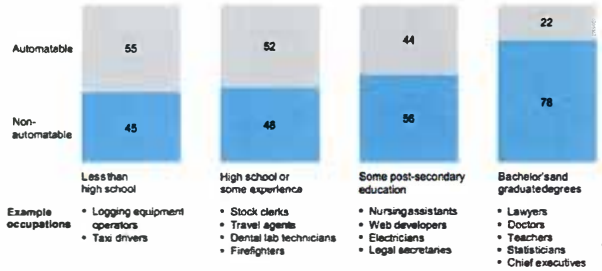
Jobs Not Requiring Bachelor's Most Likely Automated

Occupations requiring higher levels of education and experience have lower automation potential

Technical automation potential of work activities by job zone in the United States
%



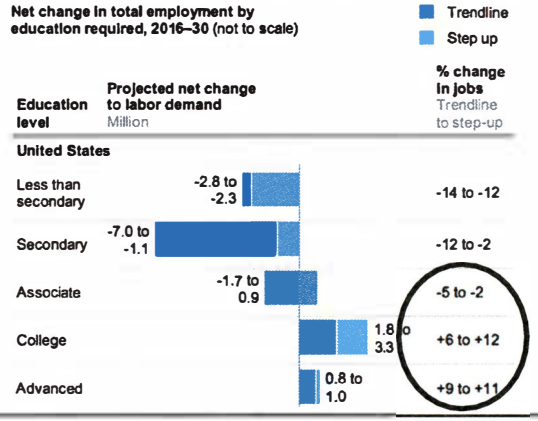
NOTE: We define automation potential according to the work activities that can be automated by adapting currently demonstrated technology.

SOURCE: US Bureau of Labor Statistics; O*Net; McKinsey Global Institute analysis

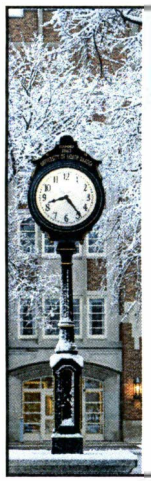
Jobs Lost, Jobs Gained: Workforce Transitions in a Time of Automation — McKinsey, December 2017

Only Jobs Requiring College Degrees Expected to Grow

Net change in total employment by education required, 2016–30 (not to scale)



Jobs Lost, Jobs Gained: Workforce Transitions in a Time of Automation — McKinsey, December 2017



Thriving in New Economy

- What North Dakota needs from UND
  - Talent
  - **Discoveries and discoverers**



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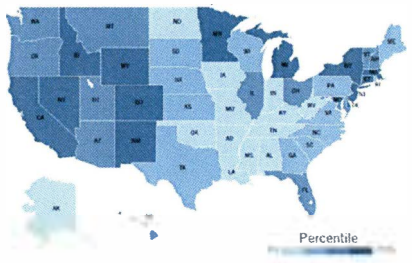
North Dakota lacks discoveries…

PATENTS

The number of patents issued to companies per 1,000 private-sector workers, adjusted for industry mix



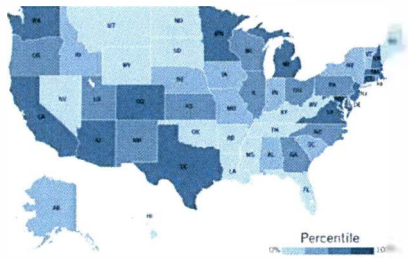
"Since hitting a recession low in 2008 of 77,500, patent grants have increased by over 86 percent."

39th

… and discoverers, especially in 4IR technologies

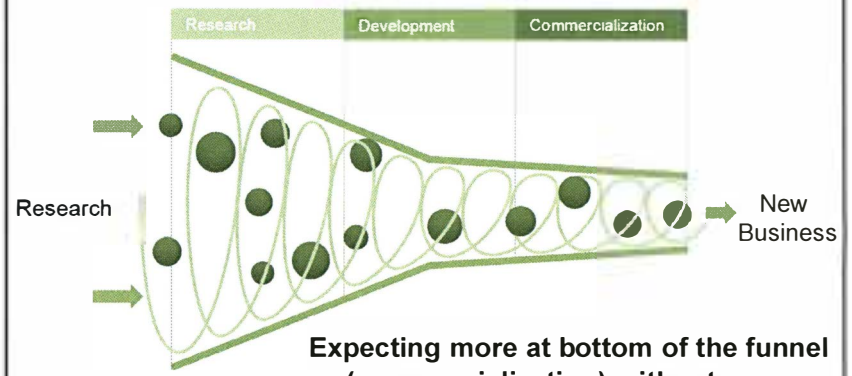
SCIENTISTS AND ENGINEERS

Scientists and engineers as a share of private-sector employment



"States that tend to have a higher share of scientists and engineers in their private sector also have a high share of fast growing firms and are able to attract other high skilled workers from other states."

36th



Expecting more at bottom of the funnel (commercialization) without more pouring in at top (research) is like…





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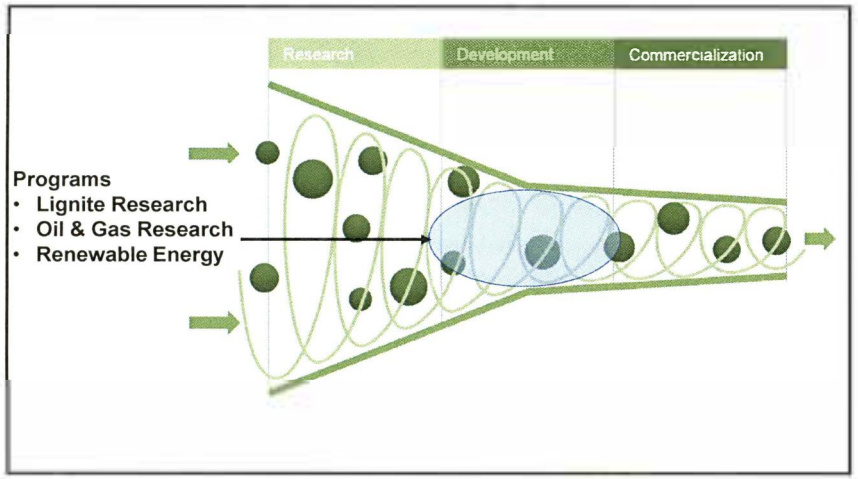
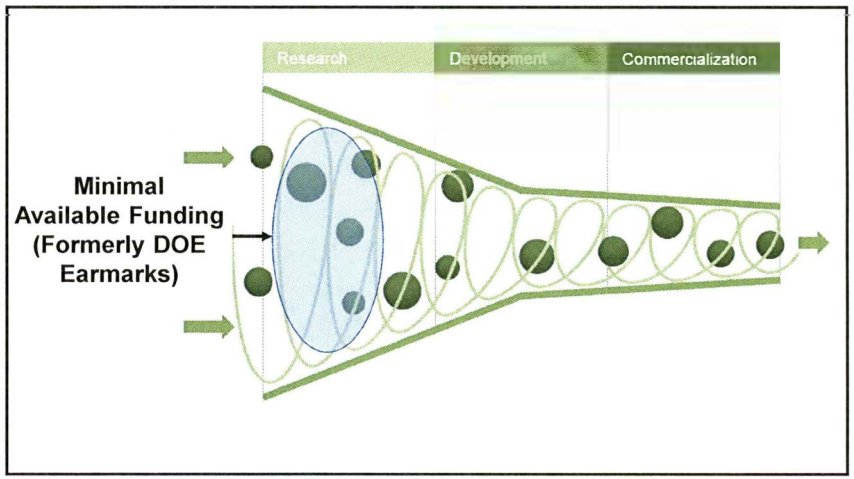
Applied Research Portfolio – Our Strength!

- Lignite Research Program, Oil & Gas Research Program, Renewable Energy Program
  - Industry driven applied research (50:50 cost-share)
  - Advanced Technology Development/Demonstration
- U.S Department of Energy
  - Primarily the research and development of new technologies, not the development of new ideas
- Industry
  - Applied research and demonstration projects

EERC | UND UNIVERSITY OF NORTH DAKOTA Critical Challenges. Practical Solutions.





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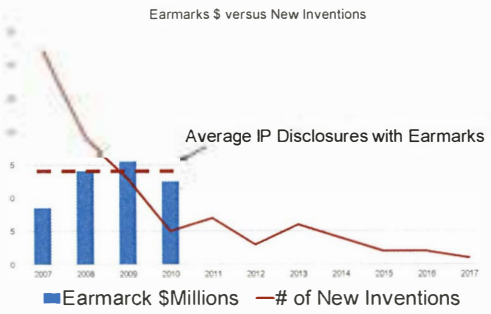
Significant Reduction in New EERC Invention



EERC | UND UNIVERSITY OF NORTH DAKOTA

Critical Challenges. Practical Solutions.

Startups emerging from university research significantly more likely to succeed

	Non-University Start-ups	University Start-ups	
Success Rate (IPO)	0.07%	8%	114x
Raise Venture Capital	1%	25%	25x
Ten Year Survival Rate	<20%	68%	3.5x

Source: Scott Shane, "Academic Entrepreneurship"

Need to Return to Transformative Innovation

	Applied	New Areas	Innovation
2008 (when federal earmarks existed)	75%	5%	20%
Techniques			Mercury Control Coal Gasification Renewable Fuels Hydrogen Production Analytical
2018	85%	10%	5%
Goal	**60-70%**	**10-15%**	**20-25%**

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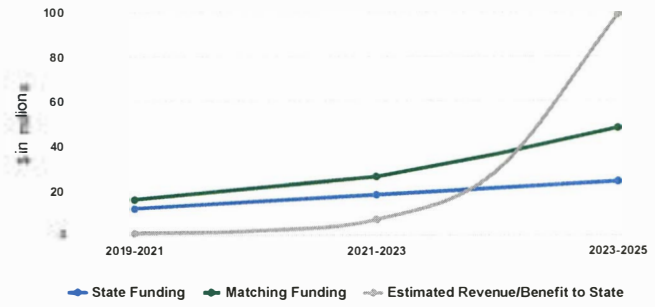
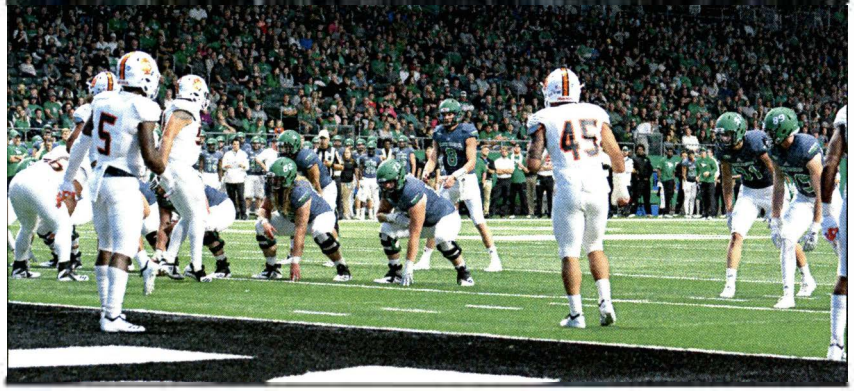
Critical Challenges. Practical Solutions.

THE ROI FOR NORTH DAKOTA

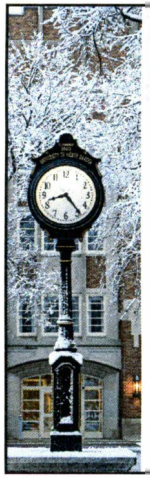


Support for commercialization like red zone - getting discovery the last 20 yards into the end zone



Research support needed to get discovery into the red zone





Thriving in New Economy

- What North Dakota needs from UND
  - Talent
  - Discoveries and discoverers
- **What strategy UND needs to deliver**

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Harvard Business School professor: Half of American colleges will be bankrupt in 10 to 15 years

"I might bet that it takes nine years rather than 10"



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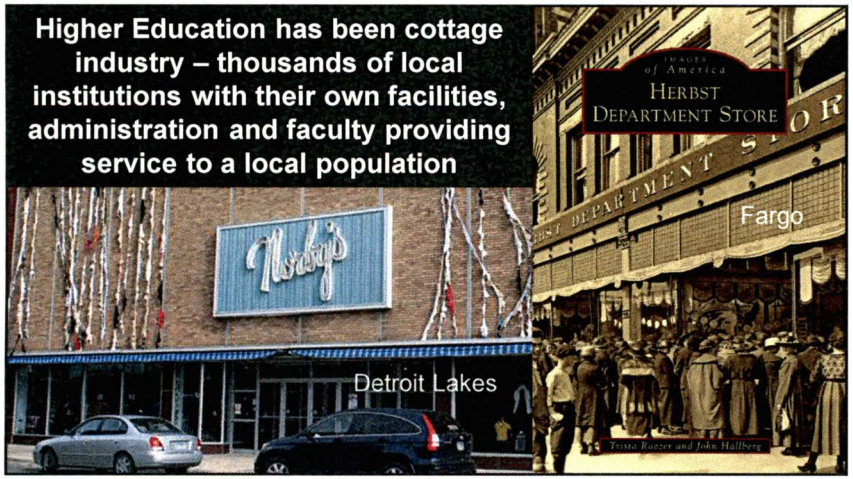
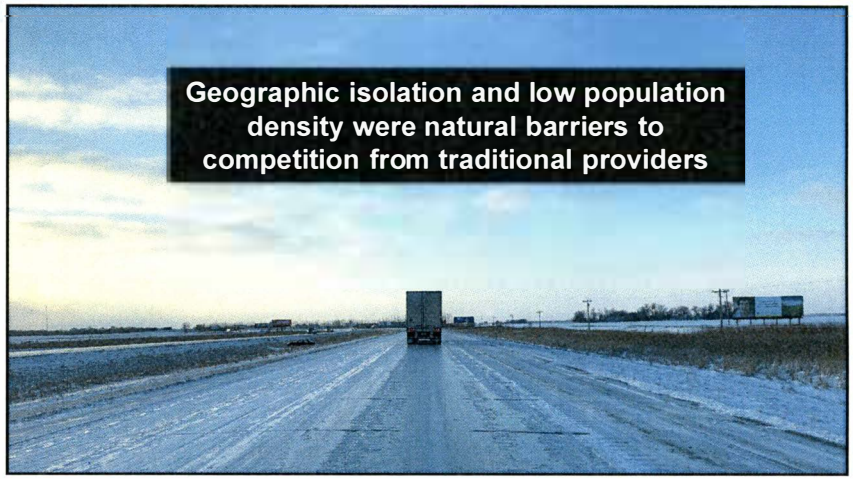
Higher Education has been cottage industry – thousands of local institutions with their own facilities, administration and faculty providing service to a local population



Geographic isolation and low population density were natural barriers to competition from traditional providers



THE CHRONICLE OF HIGHER EDUCATION

Outlook for Higher Ed in 2018 Is Bleak, Ratings Agency Says

By Adam Harris | JANUARY 23, 2018

Declining campus enrollments nationwide
- **Competition from online**
- **Competition from alternative credentials**

Less funding
- **Reduced state funding**
- **Flat federal research $**

Heavy fixed costs

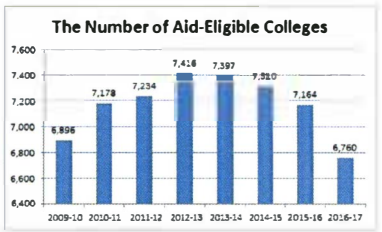
Reduction in Number of Colleges Well Underway

The Culling of Higher Ed Begins

The number of colleges and universities eligible to award federal financial aid dropped by 5.6 percent in 2016-17. The vast majority of disappearing institutions were for-profit colleges, but more than 30 private nonprofits were among them.

By Doug Lederman // July 19, 2017

656 less aid-eligible colleges since 2012-2013



Source: Inside Higher Ed

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South Dakota Advantage provides out-of-state students with in-state tuition



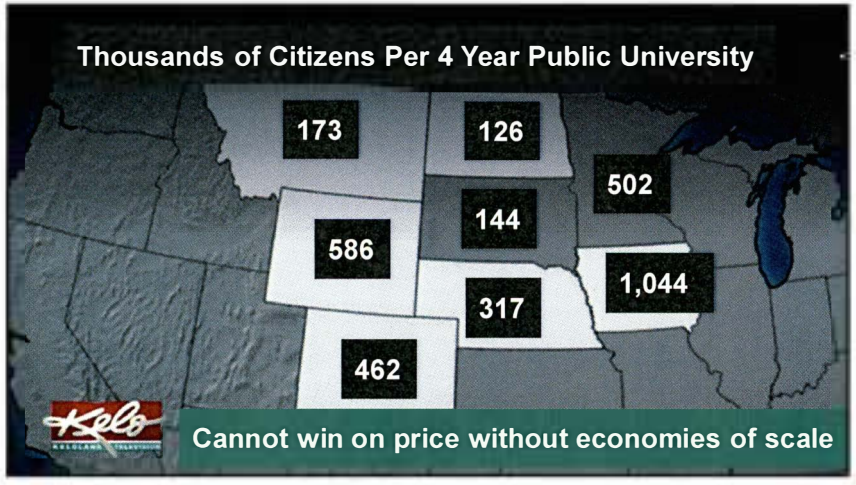
South Dakota Advantage?

South Dakota Advantage provides out-of-state students with in-state tuition

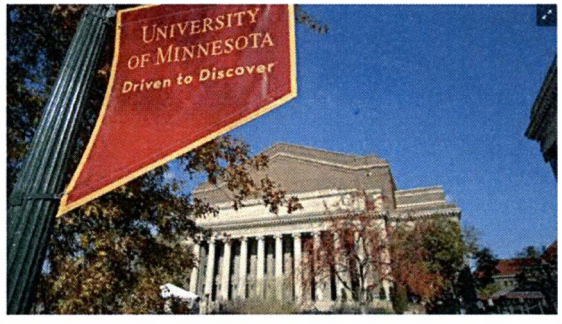


South Dakota Advantage?

Choosing to compete on price



U of M OKs tuition hike for out-of-state students; weighs extra charge for science, engineering



University of Minnesota is competing on quality

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Only four higher ranked public universities within 500 miles of UND - U of M tops list

Only 2 of 4 have medical or law schools, none match UND's strength in aerospace and petroleum engineering…

Fall 2018 Enrollment by College

College	Undergrad	Graduate	Professional
Arts & Sciences	2,557	375	
Business and Public Administration	1,539	224	
Education and Human Development	608	799	
John D. Odegard School of Aerospace	1,659	204	
Law			238
Nursing and Professional Disciplines	937	453	
College of Engineering and Mines	1,840	232	
School of Medicine and Health Sciences	691	382	305

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…or our top 10 ranked online programs

BEST ONLINE PROGRAMS U.S.News

Online Bachelor's Programs
Electrical Engineering (#3)
Mechanical Engineering (#4)
Psychology (#3)
Social Work (#5)

Online Master's Programs
Early Childhood Education (#3)
Forensic Psychology (#3)
Psychology (#1)

Online Doctoral Programs
Online Doctoral Programs (Composite) (#8)

EDITOR'S CHOICE BEST COLLEGE REVIEWS

BEST ONLINE PROGRAMS The Best Online Colleges 2019-20

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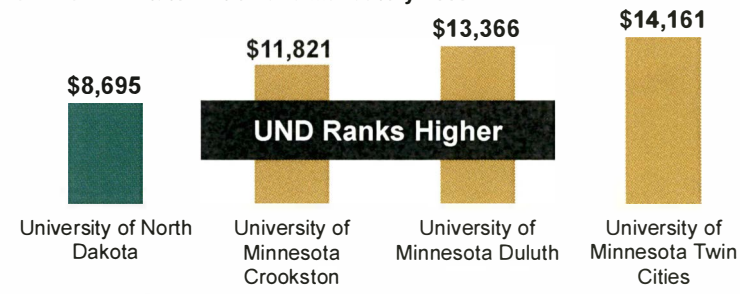
UND's tuition well below lower ranked competitors

2018-2019 In-State Tuition and Mandatory Fees



UND - Median debt of $17,916 for spring 2018 bachelor's graduates
UND - Default rate on federal debt 3.3% vs. national average of 10.8%

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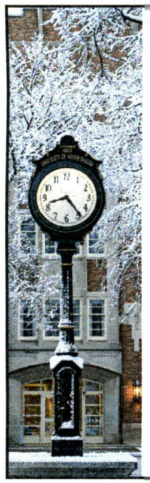

Thriving in New Economy

- What North Dakota needs from UND:
  - Talent
  - Discoveries and discoverers
- **What strategy UND needs to deliver**
  - **Quality at a value, not price**

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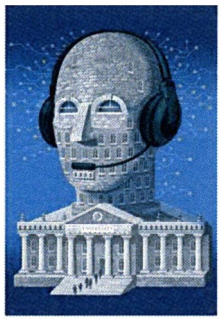
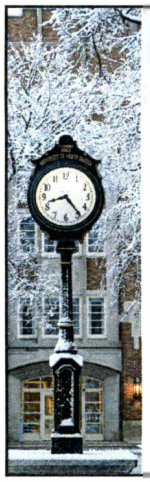
THE CHRONICLE OF HIGHER EDUCATION

The Digital Campus: The Robot Has Arrived



Need to invest to retain quality edge

- **Tech solutions to enhance student outcomes and experience**
- **New degrees and research efforts vital to state**



Thriving in New Economy

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  - **On campus and online**

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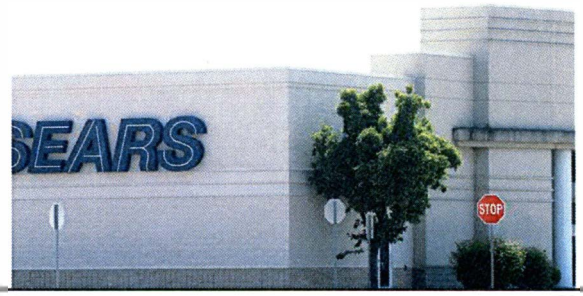
Herald NEWS ENTERTAINMENT LIFESTYLE SPORTS OBITUARIES

Sears closes, leaving Columbia Mall without two anchor tenants

By April Baumgarten on Sep 7, 2018 at 9:16 a.m.



Breadth of offerings that are competitive in less populous physical locations is narrowing in today's online world

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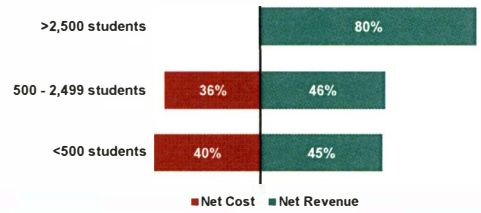
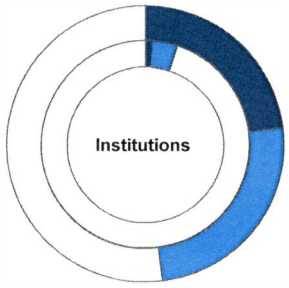
Scale needed to generate net revenue online



UND at Scale: Online Headcount = 3,346*

Sources: The Changing Landscape of Online Education (CHLOE), Quality Matters & Eduventures Survey of Chief Online Officers, 2017
**IPEDS 2016*

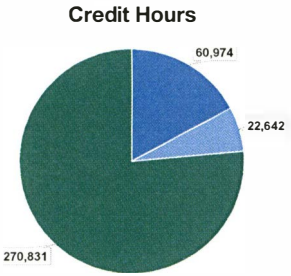
Providers concentrating



Driven by:
- **High cost of quality online programs**
- **Need to leverage high fixed costs**
- **Quality courses crowding out others**

Grade Increase, Tracking Distance Education in the US, Babson, Julia E. Seaman, I. ElaineAllen and Jeff Seaman, 2018

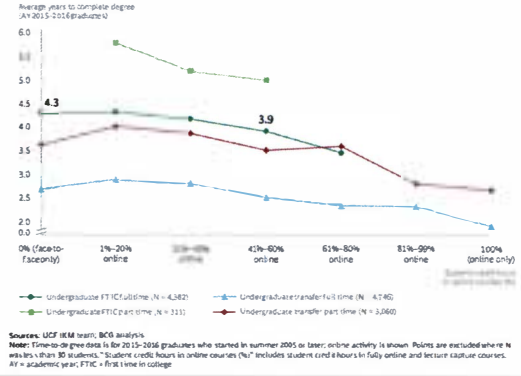
UND faces a choice: go big online or go home



Go Big
- May not be able to grow big enough, fast enough

Go Home
- Long term financial pressures

Online courses increasingly sought by on campus students
The more online courses they take, the earlier they graduate



Making Digital Learning Work, Success Strategies from Six Leading Universities and Community Colleges, BCG / ASU, March 2018

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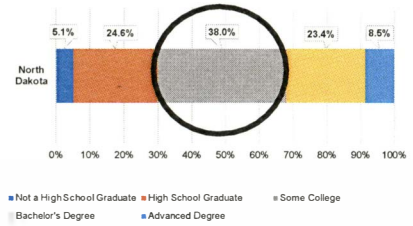
Significant potential for completing degrees in state

North Dakota Educational Attainment



Source: A Stronger Nation: Learning Beyond High School Builds American Talent, Lumina Foundation, 2018

National Consequences

31 million students in past two decades left college without receiving a degree or certificate.

Source: National Student Clearinghouse Research Center, 2016

If UND goes home, at-scale online universities will displace North Dakota offerings…



…On-campus students will seek to transfer credits from out-of-state online offerings…



… and North Dakota likely would become a net exporter instead of net importer of students



- Could result in contraction of employment at state universities
- Serious workforce attraction implications

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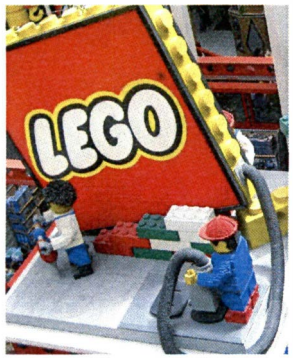
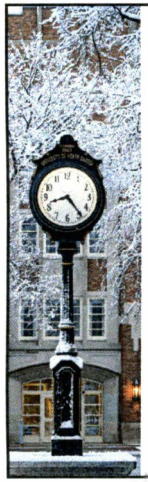
Leveraging UND Online with revenue sharing permits NDUS schools to focus on offerings where location matters



- **Replace low enrollment courses with UND Online**
- **2+ programs - degree, certificates**
- **Joint certificates**
- **NDUS faculty as UND Online section leads**





Thriving in 4IR

- What North Dakota needs from UND:
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- What strategy UND needs to deliver
  - Quality at a value, not price
  - On campus and online
- **What resources UND needs to deliver**

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UNIVERSITY OF NORTH DAKOTA
STRATEGIC PLAN
2017–2022

PURPOSE Chief Opportunity Engine for North Dakota and Our Students

VISION Premier Flagship University in the Northern Plains

UND UNIVERSITY OF NORTH DAKOTA

UND.edu

GOALS

Learning
- Provide a strong undergraduate liberal arts foundation
- Increase undergraduate, graduate and professional retention and graduation rates
- Deliver more educational opportunities online and on campus

Discovery
- Enhance discovery at a level consistent with similar research-intensive universities (Carnegie R1)

Engagement
- Foster a welcoming, safe and inclusive campus climate
- Meet educational needs of active-duty military personnel, veterans and their families
- Attract support for the University by actively engaging alumni and donors

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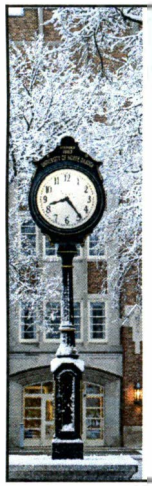

Thriving in New Economy

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- **What resources UND needs to deliver**
  - Invest in higher graduation rate ↑ talent (Goal 2)

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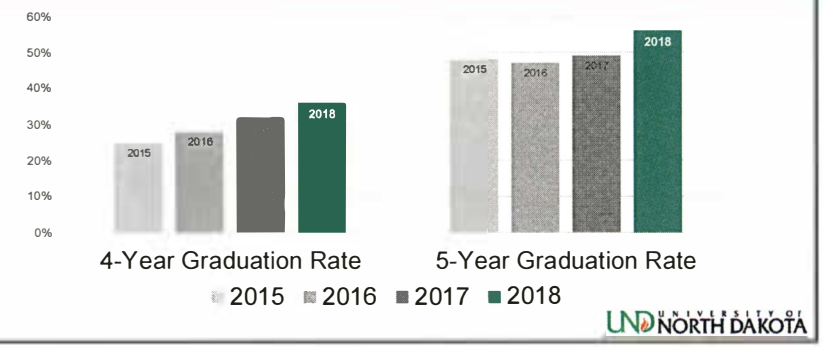
4-year graduation rate up 8 percentage points since last biennium (28% to 36%), 5-year rate up 9 pp (47% to 56%)



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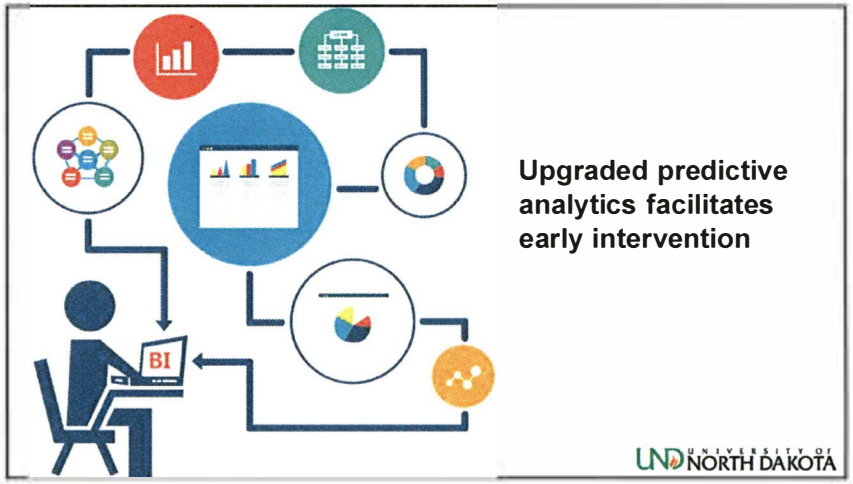

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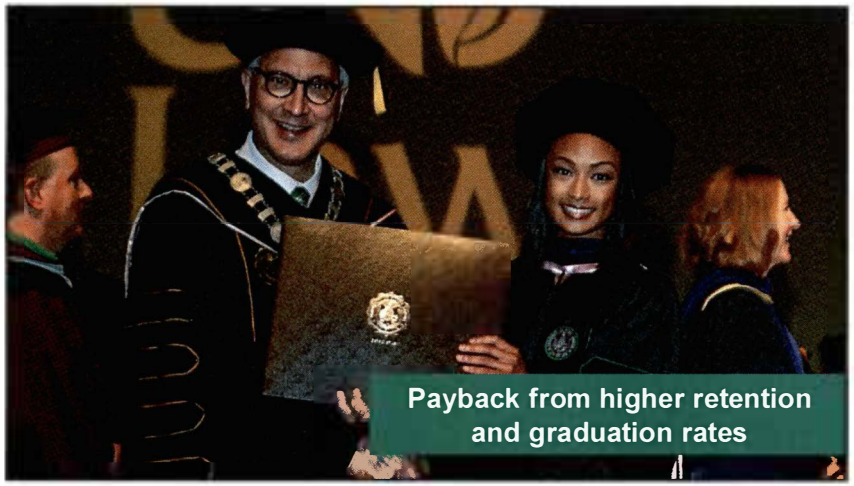



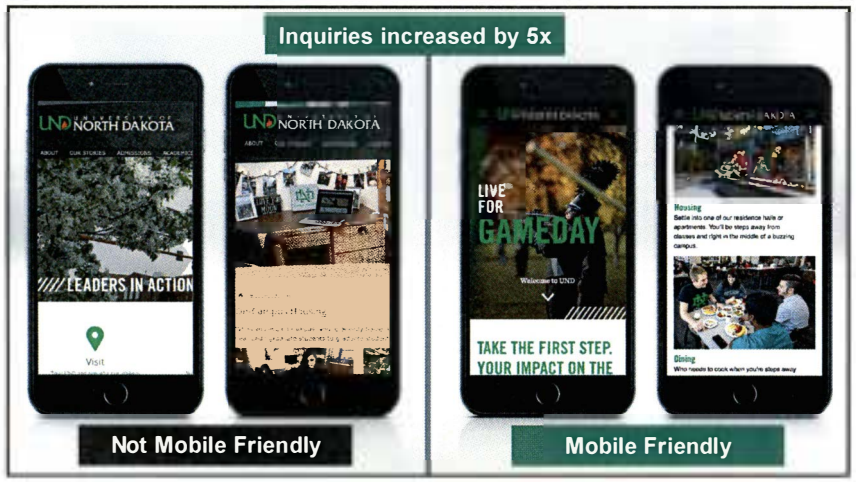

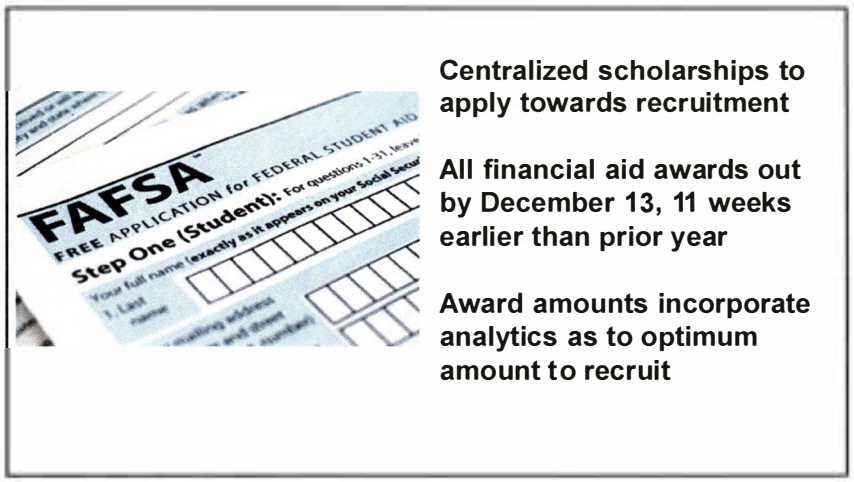

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New Customer Relationship Management (CRM) System With NDSU



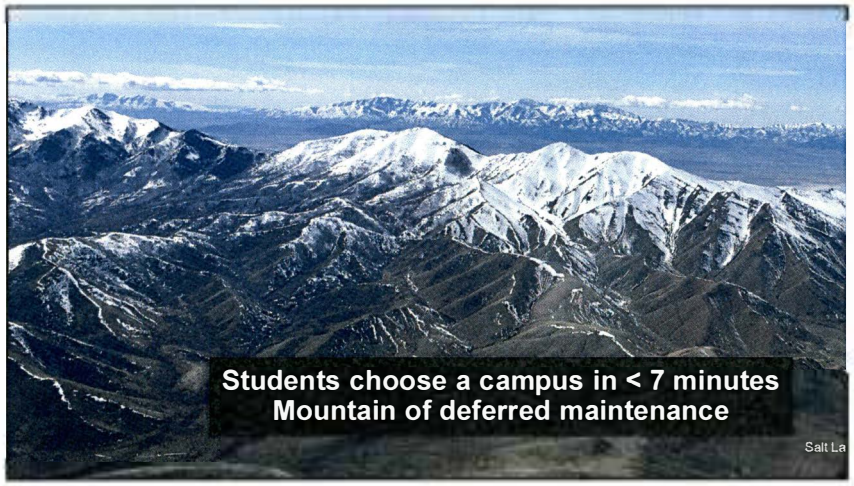


Targeting April 2019

More Student Applications

More Enrollees per Inquiry







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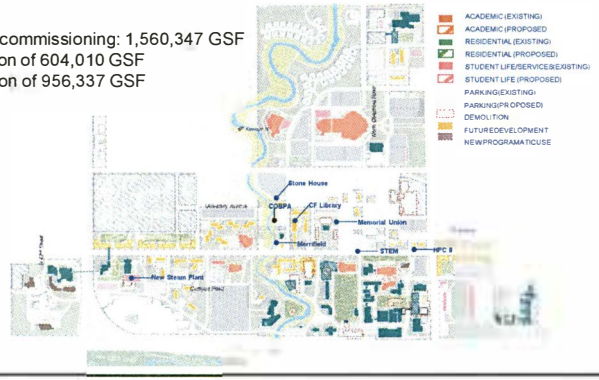
2018 Master Plan reduces 1 million square feet net of planned new construction

Proposed demolition / decommissioning: 1,560,347 GSF
Proposed new construction of 604,010 GSF
Resulting in a net reduction of 956,337 GSF



Frees up significant space for Public Private Partnerships (PPPs or P3)



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- U3 Advisors studying market potential
- Targeting RPFs for February
- Successful bids will be collegiate gothic

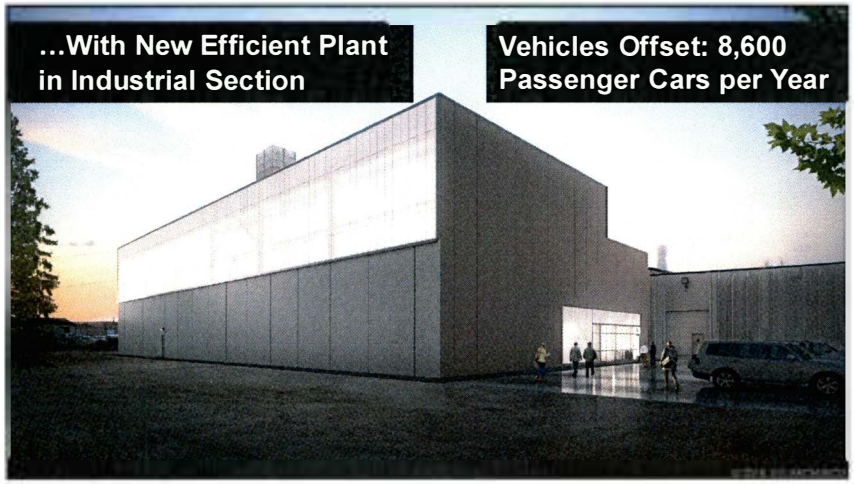


$95 Million PPP with Johnson Controls to Replace Steam Plant by 2020…

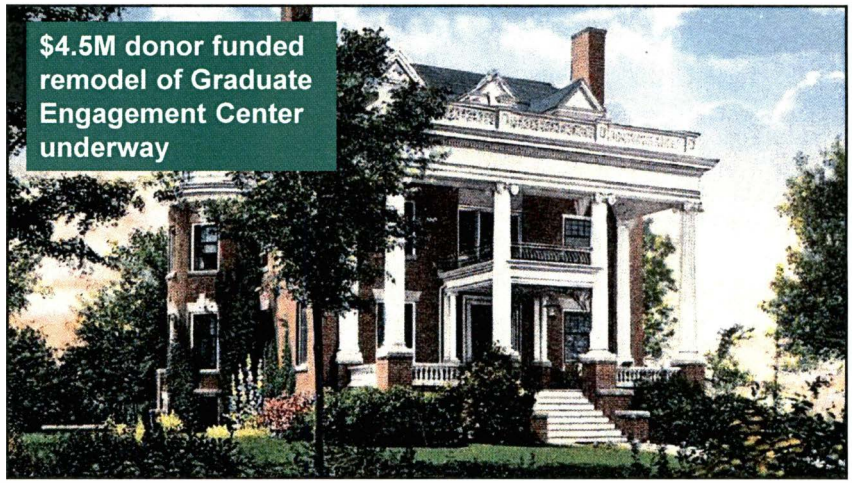


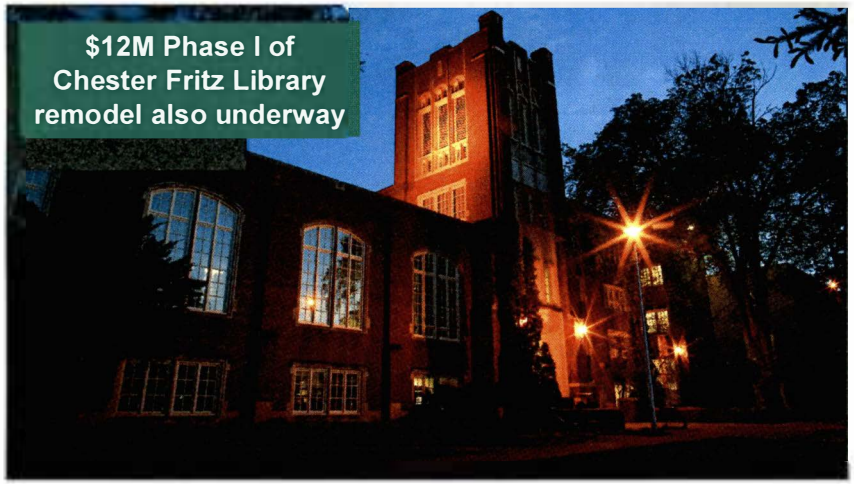
…With New Efficient Plant in Industrial Section

Vehicles Offset: 8,600 Passenger Cars per Year



$4.5M donor funded remodel of Graduate Engagement Center underway




$12M Phase I of Chester Fritz Library remodel also underway


Streetscaping for University Avenue begins this summer


Students voted to support a new $80 million Memorial Union
Authorization to build requested


Fundraising for New $70M CoBPA Building

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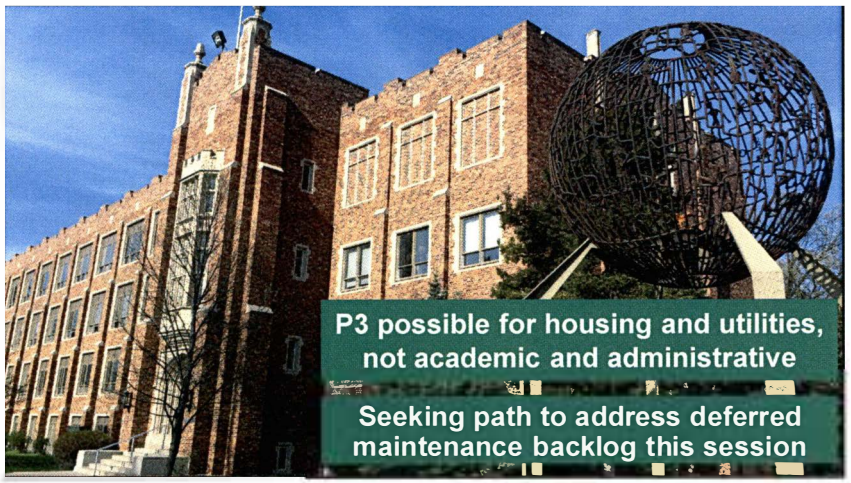



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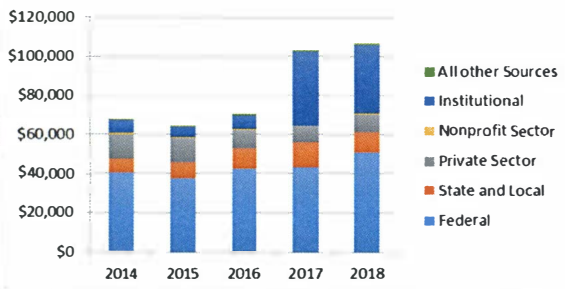
UND rose from 167 to 151 in university research in 2017
Likely to rise further in 2018

Research Funding by Year (Thousands)



~$4-5 in Federal funding for every $1 from state

$300M economic impact

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To expand research, we need hunters and ammo

We expect hunters to eventually primarily fund themselves and others with external funding
- **Imports $**
- **Discoveries to commercialize**

Necessitates post evaluation - can't hunt without hunters or ammo

UND Grand Challenges align with needs of state and areas with strong federal funding - DoE, NIH, SAMSA, DoD, DHS

Energy and Environmental Sustainability
- Promote energy security and environmental sustainability

Health and Biomedical Sciences
- Address health challenges through basic, clinical and translational discovery

Rural Health and Communities
- Help rural communities solve their unique health and social problems

Unmanned Aircraft Systems
- Drive the world-changing developments of UAS

Big Data
- Effectively, efficiently and ethically produce, manage and securely use information in the age of big data

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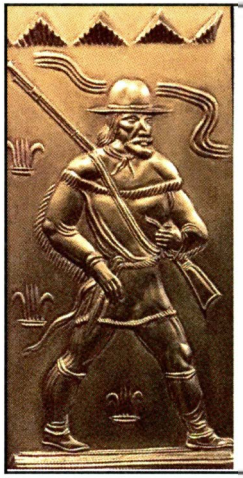

Hunting examples

$3.2M Dept of Energy (Charles Gorecki)
- **CO_2 enhanced oil recovery in Williston Basin**

$20.3M Natl Institutes of Health (Marc Basson)
- **Working with partners across the Dakotas to develop unique ways to combat cancer**

$2.25M Natl Institutes of Health (Jonathan Geiger)
- **New targets for therapeutics against epilepsy**

$3.2M Substance Abuse and Mental Health Services Administration (Thomasine Heitkamp)
- **Substance abuse impacts and mitigation**

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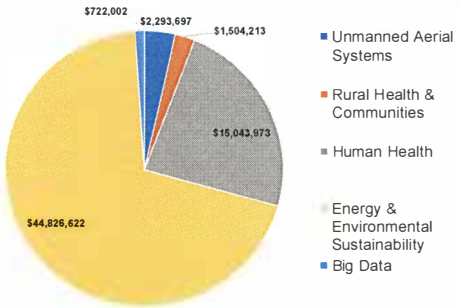
UND's external research funding for 2018



Have hunters in Energy, perhaps Ag

- **Need seed money, match$, 4IR guides**

Need more hunters in medical, unmanned and 4IR technologies

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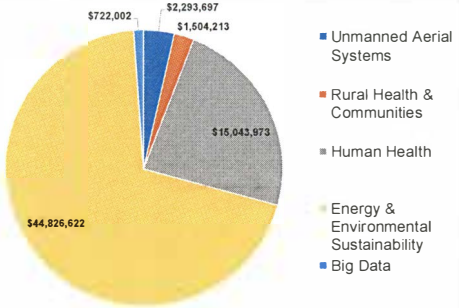
UND's external research funding for 2018



Energy - focused on West

Medical - benefit to entire state

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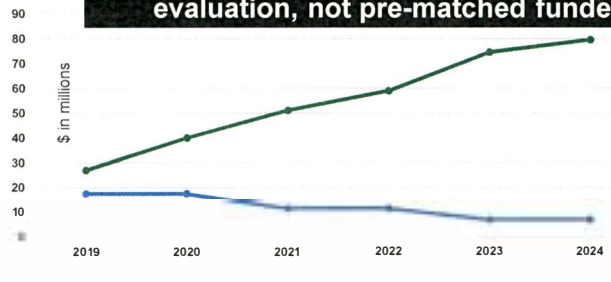
Each Grand Challenge Offers Opportunity to Leverage Added State Investment

Can only be achieved with flexibility of post-evaluation, not pre-matched funded



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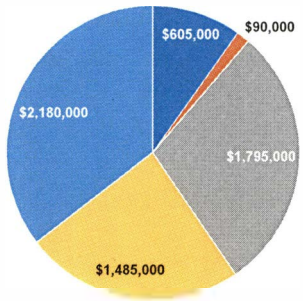
Reallocated $6 million for research seed funding during last three fiscal years



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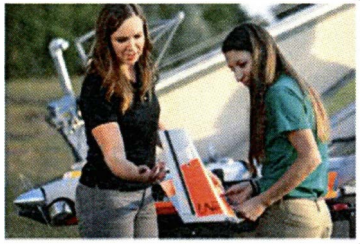
rias Research Institute for Autonomous Systems

- Launched in 2017
- Rapid response focused
- Fuels and harnesses power of state's UAS ecosystem
- UND+NDSU++
- Keeping UAS lead
- Potential to achieve EERC scale



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DECEMBER 18, 2018
BY DAVID DODDS

Big day for 'Big Data'

Friday signing ceremony announces $10 million UND investment in Big Data, hiring of six new computational scientists



UND investing $10 Million (5 years) to hire six new 4IR scientists

Essential to all fields - Ag, Energy, UAS, etc.

Encouraged by:

- **SBHE $10M - research**
- **SBHE $2.5M - high performance computing**
- **Emerging Technologies Task Force - Gov. Schafer**
- **Governor's research proposal - $20M**
- **Legacy Innovation Fund to Support Technology Advancement (HB 1333) - $25M**
- **Governor's proposed investment in UAS infrastructure - $30M**
- **State Energy Research Center - $6M**
- **Challenge Grant funding - $40M**

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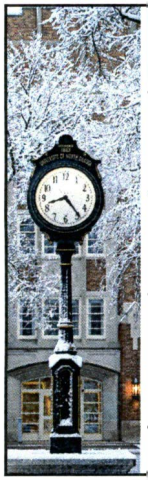

Thriving in New Economy

- What North Dakota needs from UND:
  - Talent
  - Discoveries and discoverers
- What strategy UND needs to deliver
  - Quality at a value, not price
  - On campus and online
- What resources UND needs to deliver
  - Invest in higher graduation rate ↑ talent (Goal 2)
  - Invest in attracting more talent to UND (Goal 3)
  - Invest in discoveries and discoverers (Goal 4)
- **Inflection Point**

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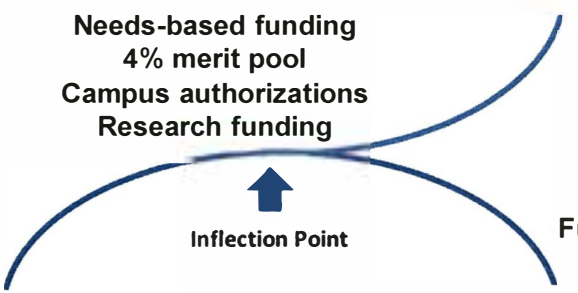

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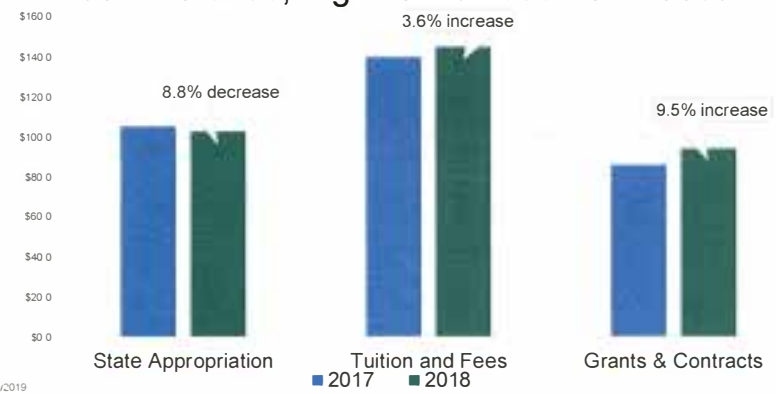
Absorbed Appropriation Cuts Through Modest Tuition Increase, Significant Research Boost…



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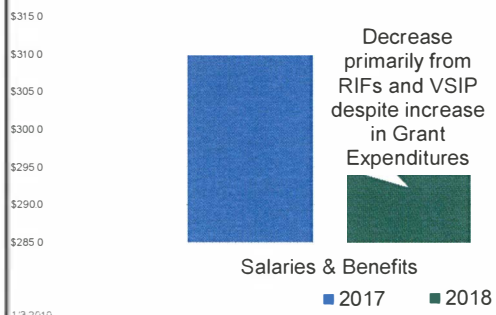
…and 5% Decrease in Salaries and Benefits



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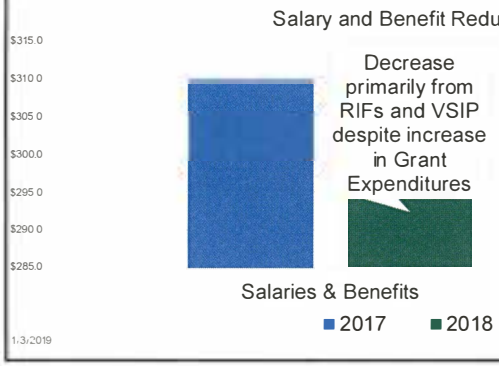

249 Headcount Reduction
- 112 Faculty
- 119 Staff
- 18 Student

Incentive-Based Resource Allocation

Primary Units
- Generate revenue
- May receive additional institutional support from the participation fee
- Examples: Colleges, Housing, EERC
- Receive direct revenue and proportion of shared revenue
- Expenses
  - Direct Costs
  - Service Unit Allocations
  - Participation Fee

Service Units
- Provide services for primary units
- Examples:
  - Administrative offices
  - Student support
  - Utilities
  - Custodial & maintenance
  - Deferred maintenance

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Incentive Budgeting Encourages Innovation

- Highlights primary units requiring institutional support (subvention), forcing critical evaluation of options for reducing
- Skin in the game
  - Primary units keep results that exceed expectations and must pull from reserves to cover shortfalls
  - Service units charge for services not provided to all units
- Prices previously "free" resources like space
- Over time, improved performance allows for strategic reinvestment

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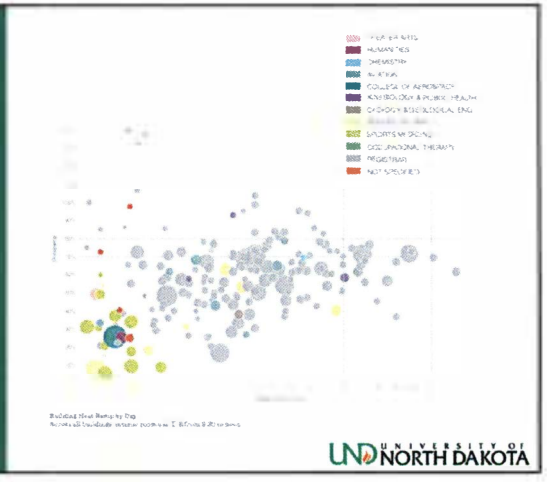
Classrooms Utilization

- Department scheduled rooms less utilized than Registrar scheduled rooms
- Usually also less seat occupancy
- Incentive budgeting charges departments for cost of dedicated spaces



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Incentive Based Budgeting Drives UND Efficiency

UND within NDUS: FY18

- 43% of all net tuition at $144.7 million
- 55% of grants and contract revenue at $94 million

- Efficiency
  - 46% of total operating revenue at $325.6 million
  - 39% of salaries / wages at $294 million
  - 39% of operating expenses at $449 million
  - 28% of state appropriations at $103 million

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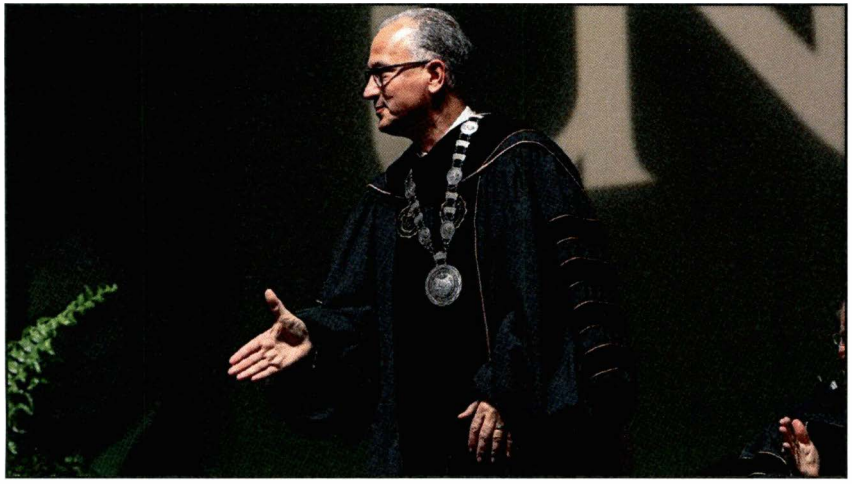

Together, UND and North Dakota can Swim into the New Economy

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LEADERS IN ACTION

OTHER INFORMATION PROVIDED

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Positioned for success: A solid platform to grow research

- School of Medicine & Health Sciences' recent $20 million award ($4M x 5 years) expands the existing platform and sets up the environment for research to be performed. SoMHS now needs to recruit researchers to take advantage. Key Note: NIH received another $2 billion increase which improves the climate for successful applications and is a sign of bi-partisan congressional support.
- EERC, with revamped leadership, has grown its grant & contract portfolio and is well positioned to grow research via corporate and DOE support.
- Unmanned aircraft / autonomous system also poised to expand. Key note: increased funding available from Homeland Security and DOD.
- Rural Health: new $3 million Heitkamp grant supplementing existing grants
- Big Data / Cyber security: New researchers will supplement State of ND IT efforts as well as garner grants from a variety of federal (Defense, NIH, Homeland Security, etc.) and corporate sources

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Needs based funding is key
Diversification of revenue streams is a UND goal

UND Financial Statements
extracted from NDUS audited financial statements

	FY18							
	144,718,748	34%	139,642,046	33%	137,960,927		130,819,271	
	93,815,107	22%	85,834,955	20%	82,191,297	19%	83,276,844	
	52,636,936	12%	54,781,023	13%	55,026,630			
	33,997,433	8%	35,688,943	8%	35,584,777	8%	34,524,589	
Other	540,331	0%	616,295		672,473		745,787	
StateAppropriations	102,611,390				113,103,164		108,236,618	
		100%	421,722,927	100%	424,539,268		408,501,778	
OPERATINGEXPENSES	449,252,157	23%	452,081,538	23%	455,397,205	25%	436,776,490	25%

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Institutional Comparison

University of North Dakota (excluding Medical School)
Comparison of 2017-19Base Budget
to 2019-21 SBHE Request

	2017-19 Base Level	Requested Adjustments	2019-21 SBHE Needs-Based Budget
Campus Operations-General Fund	$ 135,684,524	$ 6,929,623	$ 142,614,147
Capital Assets General Fund	$ 4,411,566	$ -	$ 4,411,566
Campus Operations All Other	$ 728,870,450	$ 15,044,679	$ 743,915,129
Capital Projects - Non-State Funded (Optional Request)	$ -	$ 115,000,000	$ 115,000,000
Total Appropriation	**$ 868,966,540**	**$ 136,974,302**	**$ 1,005,940,842**
	$ 140,096,090	$ 6,929,623	$ 147,025,713
	$ 201,505,221	$ 5,084,286	$ 206,589,507
	$ 527,365,229	$ 124,960,393	$ 652,325,622
Total Funding Sources			**1,005,940,842**

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Funding transfers from UND to School of Medicine and Health Science

- The funding formula provides funding per weighted Student Credit Hour (SCH) for all completed coursework including coursework in the Medical School.
- Funding formula SCH increases equated to $415,091 for UND and SoMHS. The majority of the increases were attributed to the SoMHS Health Care Workforce Initiative (HWI) in the amount of $411,547. UND's portion equated to $3,544.
- Additionally, because part of the funding for the HWI initiative funds residency positions and residency positions do not generate SCH, OMB in conjunction with NDUS, modified funding for SoMHS by reducing the per credit SCH for medical students and funding the residency program separately ($10,676,150).

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Highlight of Optional Adjustments

- System-wide Technology Initiatives – $2,850,000
- Envision 2030 – Campus Workforce Initiative Pool - $1,000,000
- College & Career Development Coordinators - $121,500
- Student Memorial Union - $80,000,000
- Athletics High Performance Center - $35,000,000

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UND Profile: Fast Facts

- *UND has more than 225 academic program offerings*

UND has 254 Presidential Scholars and 161 Honors Students

- 93% of UND graduates are employed or continuing their education

$300 million state-wide economic impact of our research

13% lower tuition and fees than similar institutions in an 11-state region

100% first-time pass rate on the Praxis, the national certifying exam for speech therapists

100% first-time pass rate on the National Counsel Licensure Examination for Nursing in 2018

UND Student Profile: Summary

- We enroll students from every county in North Dakota in about the same proportion as the North Dakota population.
- Although most of our students are from North Dakota (40%) or Minnesota (32%), we enroll students from every state in the union.
- 76% of our students are undergraduates, 20% are graduate students, and 4% are professional (medicine and law).
- In the past 4 years, the percent of our students enrolled in at least one online course has increased 15%.
- There has been a 29% increase in online student credit hours in past 5 years.
- For the past 5 years, 80% or more of our first-year students have returned for their second year.
- Our four-year graduation rates have been increasing every year for the past 4 years
- Our students' median debt at graduation is 32% less than the national average

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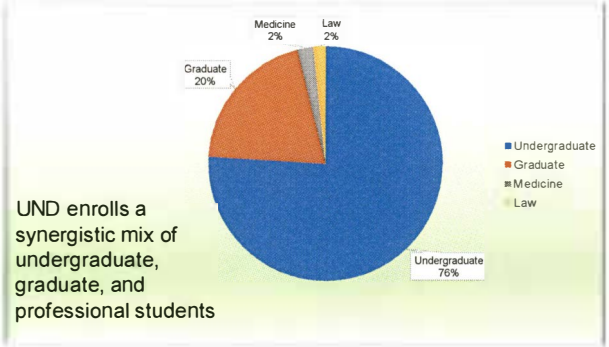
UND Student Profile: Undergraduates, Graduates, Medicine, and Law



UND enrolls a synergistic mix of undergraduate, graduate, and professional students

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UND Student Profile: North Dakota Enrollment

- UND's largest enrollments are naturally from North Dakota's largest counties – Grand Forks, Cass, Burleigh, and Ward, but …
  - We have enrolled students from every county in North Dakota, in the past two years.
  - Our enrollment from each ND county is consistent with the proportion of ND's population in that county (excepting Grand Forks County)



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Fall 2018 Enrollment by ND County

ADAMS	8
BARNES	35
BENSON	11
BILLINGS	0
BOTTINEAU	23
BOWMAN	14
BURKE	10
BURLEIGH	524
CASS	781
CAVALIER	30
DICKEY	15
DIVIDE	2
DUNN	6
EDDY	8
EMMONS	10
FOSTER	18
GOLDEN VALLEY	7
GRAND FORKS	2,577

GRANT	4
GRIGGS	10
HETTINGER	5
KIDDER	8
LA MOURE	12
LOGAN	2
MCHENRY	26
MCINTOSH	5
MCKENZIE	37
MCLEAN	37
MERCER	47
MORTON	108
MOUNTRAIL	26
NELSON	21
OLIVER	5
PEMBINA	48
PIERCE	15
RAMSEY	93

RANSOM	20
RENVILLE	11
RICHLAND	73
ROLETTE	78
SARGENT	14
SHERIDAN	2
SIOUX	0
SLOPE	1
STARK	110
STEELE	4
STUTSMAN	68
TOWNER	7
TRAILL	77
WALSH	81
WARD	258
WELLS	9
WILLIAMS	108
*Not Available	5

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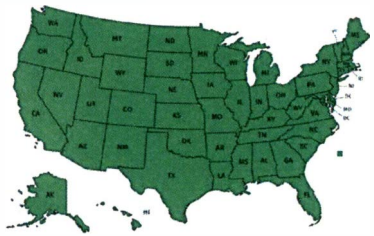
UND Student Profile: National Recognition & Reach

- Although the majority of our students are from:
  - North Dakota (40%)
  - Minnesota (32%)
- We also enroll students from every state in the union, and 95 other countries.



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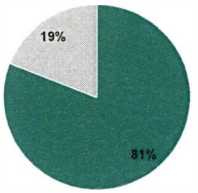
Fall 2018 Enrollment by State

Alabama	24	Louisiana	23	Ohio	55
Alaska	42	Maine	10	Oklahoma	38
Arizona	93	Maryland	63	Oregon	48
Arkansas	9	Massachusetts	35	Pennsylvania	73
California	324	Michigan	98	Rhode Island	6
Colorado	198	Minnesota	4,416	South Carolina	24
Connecticut	21	Mississippi	7	South Dakota	195
Delaware	7	Missouri	77	Tennessee	19
Florida	88	Montana	115	Texas	185
Georgia	60	Nebraska	41	Utah	31
Hawaii	44	Nevada	41	Vermont	5
Idaho	33	New Hampshire	16	Virginia	64
Illinois	184	New Jersey	47	Washington	168
Indiana	39	New Mexico	22	West Virginia	8
Iowa	62	New York	76	Wisconsin	259
Kansas	49	North Carolina	67	Wyoming	83
Kentucky	27	North Dakota	5,514	Unclassified	29

UND UNIVERSITY OF NORTH DAKOTA

UND Student Profile: Retention Rates



For the past 5 years:

- 80% or more of first year students return for their second year at UND
- 70% or more return for their third year

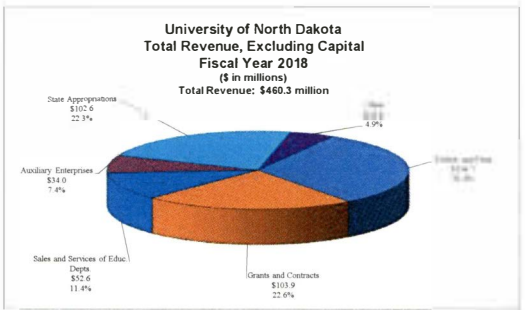
UND UNIVERSITY OF NORTH DAKOTA

Retention Rates

Fall	Continued to 2nd Year	Continued to 3rd Year
2013	80%	72%
2014	81%	72%
2015	80%	70%
2016	81%	72%
2017	80%	

UND UNIVERSITY OF NORTH DAKOTA

Summary of FY 2018 Total Revenue by function



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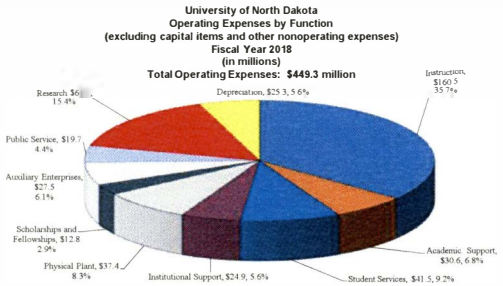
FY 2018 Operating Expenses by Function



UNIVERSITY OF NORTH DAKOTA

Financial Audit Findings

- Audit finding: Improper termination benefits note template
  - Management Response: Agree, Going forward greater care will be taken in the preparation of the template. Note: this was a severance package payment that was recorded on the wrong line of the template.

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North Dakotans

Support Funding University Research

A statewide, scientific poll commissioned by the Valley Prosperity Partnership In 2018 shows that North Dakotans support university research

Research to Diversify Economy

79% of respondents agreed that the state of North Dakota should invest research dollars in new industries in addition to agriculture and energy in order to diversify the economy

⇒ 80% in the East

⇒ 78% in the West

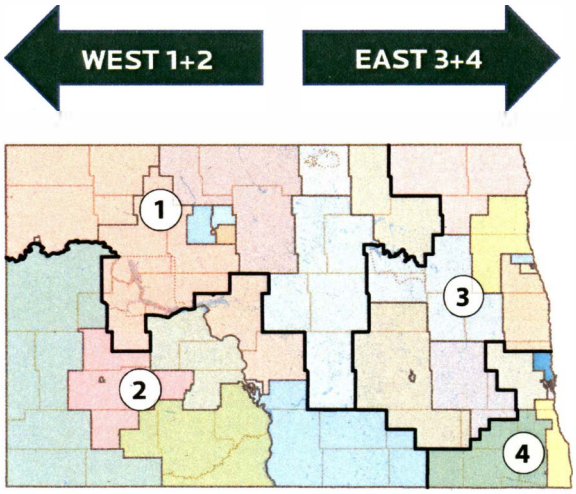
STATEWIDE

Emerging Technologies Research

77% of respondents agreed that NDSU and UND can aid in the diversification of the economy through research of emerging technologies

⇒ 83% in the East

⇒ 78% in the West



Valley Prosperity partnership

Business and higher education leaders, joined by economic development partners, working together to advocate for and achieve common strategic economic development goals.

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18 U.S. Code § 1369 - Destruction of veterans' memorials

(a) Whoever, in a circumstance described in subsection (b), willfully injures or destroys, or attempts to injure or destroy, any structure, plaque, statue, or other monument on public property commemorating the service of any person or persons in the armed forces of the United States shall be fined under this title, imprisoned not more than 10 years, or both.

(b) A circumstance described in this subsection is that—

(1) in committing the offense described in subsection (a), the defendant travels or causes another to travel in interstate or foreign commerce, or uses the mail or an instrumentality of interstate or foreign commerce; or

(2) the structure, plaque, statue, or other monument described in subsection (a) is located on property owned by, or under the jurisdiction of, the Federal Government.

(Added Pub. L. 108–29, § 2(a), May 29, 2003, 117 Stat. 772.)

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Testimony to the House Appropriation Committee
Energy and Environment Division
HB 1003
Andrew Alexis Varvel
January 15, 2019

Chairman Monson and Members of the Committee:

My name is Andrew Alexis Varvel. I am an alumnus of the University of North Dakota, a scholar of the history of the University of North Dakota, and a resident of Bismarck.

My topics include bonding for a new student union for the University of North Dakota, voluntary student unionism in North Dakota, and the way that UND's new Master Plan fundamentally transforms the constitutional basis for higher education in North Dakota.

UND's Memorial Union

The Legislature should refuse permission or at least delay approval for UND's plans to replace the existing Memorial Union with a grander building, partly to express concern about UND's recent policy of destroying veterans' monuments and partly to express concern about UND's recent policy of destroying our state's architectural heritage.

On November 20, 2018, a narrow majority of students at the University of North Dakota voted in a special referendum for a bonding issue lasting to 2059, to demolish the existing Memorial Union and replace it with a new building. This would commit future generations of full time students to pay an additional $300/year in student fees over what students pay now.

One complicating issue is that UND's Memorial Union exists as a memorial to UND alumni who lost their lives while fighting in World War II. I remember seeing the remembrance plaque hung in a room on the Memorial Union's second floor. We should ask ourselves whether the State of North Dakota ought to be destroying veterans' memorials. As it is, UND destroyed Harold Sayre hall this past year. Harold Sayre Hall was a monument to a fallen soldier, Harold Sayre, who died during World War I. A UND blog entry from May 8, 2018 entitled "Harnessing history before it's gone" documents a memorial service for the late Harold Sayre, which shows that UND's administration knew it was destroying a monument to a fallen soldier.

Included is a copy of a federal statute that makes destroying veterans' memorials a criminal offense. President Kennedy might even be familiar with the Veteran's Memorial Preservation and Recognition Act given that he voted for it on May 20, 2003 when he represented Minnesota's Second District. Although this federal law was probably aimed at adolescent troublemakers rather than university administrators, this is worthy of note.

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Voluntary Student Unionism

There are two reasons why student government should be voluntary. One is that it is the right thing to do. The other is that US Supreme Court decisions are already trending in that direction. It would be wise for North Dakota to get ahead of this policy curve, given that a future Supreme Court decision could impact funding for bond issues paid for by student fees.

According to my family lore, in the late 1930's, my grandfather Charles Varvel was about to graduate from the University of Kansas with a BS in Chemistry. His fellow classmates then voted to require everybody in his class to pay one year of dues to the Alumni Association. He was forced to borrow money from his older sister in order to graduate. Charles Varvel would later go on to become a research chemist at Phillips 66 who served as a pipeline corrosion specialist, but he remembered that episode with distaste for the rest of his life.

One of the reasons why the costs for tuition and fees keep skyrocketing at universities is because university administrators have learned to use student fees as a piggy bank for their own projects. For example, the new student union would require about $80 million that UND is unlikely to get from the Legislature.

Voluntary student unionism, also known as voluntary student membership, came into force in Australia in 2005 and in New Zealand in 2012. This law makes student government voluntary, and it keeps student government from imposing fees on students who don't want to pay. Part of the reason the Australian government did this was to lower university costs for poor students, but let's be honest – Australian conservatives also wanted to break the power of entrenched student organizations that claimed to speak for all students but really didn't.

From 1996 to 1997, I served in UND's student government and what I learned has only confirmed my opinion that voluntary student unionism is the right way to go for North Dakota.

The US Supreme Court issued its decision *Janus v. State, County, and Municipal Employees* on June 27, 2018. It states:

> "Under Illinois law, public employees are forced to subsidize a union, even if they choose not to join and strongly object to the positions the union takes in collective bargaining and related activities. We conclude that this arrangement violates the free speech rights of nonmembers by compelling them to subsidize private speech on matters of substantial public concern."

On December 3, 2018, the US Supreme Court remanded *Fleck v. Wetch* to the US Court of Appeals for the Eighth Circuit "for further consideration in light of *Janus v. State, County, and Municipal Employees*". This case could overturn North Dakota's policy of mandatory membership of attorneys in the State Bar Association of North Dakota. NDCC 34-01-04 makes North Dakota a right-to-work state. Let's apply that same standard for students, too.

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UND's latest Master Plan

There was once a time when the purpose of the University of North Dakota was to serve the people of North Dakota. As a proud alumnus of UND, I am saddened to learn that this is no longer the case. I grew up in Grand Forks. I earned a BS in Geology and a BA in History from UND. I won the 1997 Merrifield Award for a research paper about the history of UND. I have continued my study of the history of UND, and the history of universities in general.

On April 26, 2018, the State Board of Higher Education approved the deletion of all references to the University of North Dakota serving the state. Then, on May 23, 2018, the State Board of Higher Education approved UND's Master Plan. In my opinion, this master plan effectively relegates UND to functioning as the University of Grand Forks. Gone is the era of Merrifield, West, Starcher, and Clifford when the UND was the university of the entire state.

I urge you to read UND's Master Plan in full. On page 88, UND's Master Plan plans to replace the Hughes Fine Arts Center with a "UND Collaborative Arts Center". It states the following:

> "... a UND Collaborative Arts Center could serve as a beacon of innovation and community engagement for the Grand Forks area."

This statement is wrong on many levels. First, UND is supposed to be a state institution, NOT just a school for Grand Forks alone. Second, UND has just destroyed a recital hall that once featured the performances of some of the best musicians in the world. Nellie Melba, Gustav Holmquist, Maud Powell, and Teresa Carreno may not be well known now, but they were famous over one century ago. If you want to know what the acoustics of a violin recital sounded like at Corwin Hall's recital hall, Alejandro Drago played the last performance there on May 10, 2018. You can hear his performance on YouTube's North Dakota Tradition channel.

The Master Plan featured a picture of what had once been the recital hall that attracted world class musicians with following caption on page 77:

> "The classrooms and laboratories look tired and shabby. The buildings do not have adequate power and data networks that meet the needs of 21st century students. Several alumni have commented that the 'buildings look the same as when we went to school'."

Please think about what this means – tradition and historical continuity are now looked upon by UND's Master Plan as negative rather than positive. Many alumni would be proud to come from a university with historical continuity, with old buildings kept in good condition, and a culture that rejects the siren call of planned obsolescence. Many universities that really are beacons of innovation happen to have buildings far older than those of UND. The buildings of Wesley College were historically significant, architecturally significant, and now they are gone.

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Yet, the most damning aspect of UND's Master Plan is its list of "Community Stakeholders" on page 45. All of its listed "Community Stakeholders" are Grand Forks institutions. This implicitly rejects all of North Dakota outside Grand Forks. If the University of North Dakota were truly a state institution, this would constitute a betrayal, a betrayal stretching from the administration of President Kelley all the way to the adminstration of President Kennedy, who submitted this self-described "enormity" to the State Board of Higher Education so this Master Plan would become the law of the land rather than merely a planning document.

For these reasons, I am now proposing an amendment to HCR 3016 in order to reform North Dakota's higher education administration.

Constitutional Amendment

At present, HCR 3016 uses the same language that was rejected by the voters of North Dakota in 1998. I look forward to presenting improved language for HCR at the upcoming hearing at the House Judiciary Committee. This amendment would establish a unified North Dakota University with four listed major campuses and seven listed minor campuses. North Dakota University would have listed statewide colleges administered by statewide deans. These deans would report to an elected commissioner of higher education. It would completely repeal sections 12 and 13 of Article IX of the North Dakota Constitution. For those of you who think that our state constitution is already too long, it removes about three pages.

You will probably hear arguments claiming that stripping the State Board of Higher Education of its authority and replacing it with an elected commissioner may undermine academic freedom. The very reason I am proposing this reform is because I support academic freedom, academic freedom that can be better protected through public accountability. When the Board allows the destruction of architectural treasures that would have been protected if they had been part of any other state agency, that is not academic freedom. When the Board allows chairs, tables, desks, and school supplies to get sent to the city dump – items that would have gone into North Dakota State Surplus Property if higher education were subject to state law like any other state agency, items that were higher quality than supplies that some state employees get to use – that is not academic freedom. When the Board allows vice presidents to proliferate throughout its academic domain, that is not academic freedom. What we are seeing is waste that hides behind the ghost of Governor Langer's tyranny.

Thank you.

Andrew Alexis Varvel
2630 Commons Avenue
Bismarck, ND 58503
701-255-6639
mr.a.alexis.varvel@gmail.com

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the strategic investment and improvements fund for the renovation of McCarthy Hall and demolition of Foss Hall at Valley City State University. The less estimated income line in section 1 of this Act also includes the sum of $25,675,000, from the strategic investment and improvements fund for Dunbar Hall at North Dakota State University. The funding for Dunbar Hall requires a minimum of $13,000,000 in matching funds before it shall be transferred and notwithstanding Section 54-44.1-11 of the North Dakota Century Code any unexpended appropriation available for Dunbar under this section must be returned to the strategic investment and improvement fund on June 30, 2021. All of these amounts may be transferred at the direction of the state board of higher education and all are one-time items for the biennium beginning July 1, 2019 and ending June 30, 2021.

SECTION 4. AMENDMENT. Section 15-10-48 of the North Dakota Century Code is amended and reenacted as follows:

15-10-48. Advancement of academics - Matching grants - University of North Dakota and North Dakota state university.

1. a. Subject to legislative appropriations, each biennium during the period beginning July first of each odd-numbered year and ending December thirty-first of each even-numbered year, the state board of higher education shall award one dollar in matching grants for every two dollars raised by the institutional foundations of the university of North Dakota and North Dakota state university for projects dedicated exclusively to the advancement of academics.

b. To be eligible for a matching grant, an institution must demonstrate that:

(1) Its foundation has raised at least fifty thousand dollars in cash or monetary pledges for a qualifying project; and

(2) The project has been approved by the grant review committee established in section 15-10-51.

c. The board may award ~~up to two hundred thousand dollars in~~ matching grants to each institution based on total completed credit-hours, as determined under section 15-18.2-01, and as set forth in this section. The matching grant award dollar amounts are:

(1) $1,250,000 for institutions with less than 100,000 completed credit hours;

(2) $3,000,000 for institutions with 100,000 to 599,999 completed credit hours; and

(3) $11,750,000 for institutions with more than 599,999 completed credit hours.

d. Projects at the university of North Dakota school of medicine and health sciences are not eligible to receive a grant under this section.

2. a. If any available dollars have not been awarded by the board before January first of each odd-numbered year, in accordance with subsection 1, either the university of North Dakota or North Dakota state university may apply for an additional matching grant.

b. An application submitted under this subsection must meet the same criteria as an original application.

c. The board shall consider each application submitted under this subsection in chronological order.

d. If the remaining dollars are insufficient to provide a matching grant in the amount of one dollar for every two dollars raised by the institutional foundation, the board shall award a lesser amount.

3. The state board of higher education shall retain up to one-quarter of one percent of any grant awarded under this section to assist with administrative expenses incurred in the grant review process.

SECTION 5. AMENDMENT. Section 15-10-49 of the North Dakota Century Code is amended and reenacted as follows:

15-10-49. Advancement of academics - Matching grants - Two-year and four-year institutions of higher education.

1. a. Subject to legislative appropriations, each biennium during the period beginning July first of each odd-numbered year and ending December thirty-first of each even-numbered year, the state board of higher education shall award one dollar in matching grants for every two dollars raised by the institutional foundations of Bismarck state college, Dakota college at Bottineau, Dickinson state university, Lake Region state college, Mayville state university, Minot state university, North Dakota state college of science, Valley City state university, and Williston state college for projects dedicated exclusively to the advancement of academics.

b. To be eligible for a matching grant, an institution must demonstrate that:

(1) Its foundation has raised at least twenty-five thousand dollars in cash or monetary pledges for a qualifying project; and

(2) The project has been approved by the grant review committee established in section 15-10-51.

c. The board may award ~~up to two hundred thousand dollars in~~ matching grants to each institution based on total completed credit-hours, as determined under section 15-18.2-01, and as set forth in this section. The matching grant award dollar amounts are:

(1) $1,250,000 for institutions with less than 100,000 completed credit hours;

(2) $3,000,000 for institutions with 100,000 to 599,999 completed credit hours; and

(3) $11,750,000 for institutions with more than 599,999 completed credit hours.

2. a. If any available dollars have not been awarded by the board before January first of each odd-numbered year, in accordance with subsection 1, any institution listed in subsection 1 may apply for an additional matching grant.

b. An application submitted under this subsection must meet the same criteria as an original application.

c. The board shall consider each application submitted under this subsection in chronological order.

d. If the remaining dollars are insufficient to provide a matching grant in the amount of one dollar for every two dollars raised by the institutional foundation, the board shall award a lesser amount.

3. The state board of higher education shall retain up to one-quarter of one percent of any grant awarded under this section to assist with administrative expenses incurred in the grant review process.

HALL'S WALLS FALL



Eric Hylden / Grand Forks Herald

nd Sons Excavating employee Cody Paul hoses down debris as Eric Walsh operates an excavator tearing down Corwin-Hall on the UND campus Wednesday.

emolition begins n UND's historic orwin-Larimore

By Diane Newberry
Grand Forks Herald

A third-floor classroom is exposed to the open air and a dusty red desk chair sits gerously close to the precipice.

A door hangs dramatically off its hinges, revealing a glimpse into the darkness of what's left of UND's Corwin-Larimore Hall.

Demolition began Wednesday at noon for Corwin-Larimore, the latest of several buildings torn down as part of UND's campus master plan. Knocking down the building takes an estimated eight to 10 hours, and after that it will take Florian & Sons Excavating only a few days to remove all of the material.

Only the concrete foundations will be able to be recycled. The rest of the debris, including large amounts of furniture, will be taken to a landfill.

Corwin-Larimore and Robertson-Sayre Hall made up Wesley College, an independent Methodist institution affiliated with UND until it was fully absorbed by the university in 1965. Since then, the buildings have housed various university offices,

DEMOLITION: Page A3

yton vetoes most Minn. legislative



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North Dakota Legislative Council

STATE CAPITOL, 600 EAST BOULEVARD, BISMARCK, ND 58505-0360

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Emily L. Thompson
Code Revisor

January 17, 2019

Honorable David Monson
State Representative
P.O. Box 8
Osnabrock, ND 58269-0008

Dear Representative Monson:

This letter is in response to your inquiry regarding whether federal law prohibits the destruction or removal of any structure on public property which honors veterans.

Under 18 U.S.C. § 1369, an individual is prohibited from willfully injuring or destroying, or attempting to injure or destroy, any structure, plaque, statue, or other monument on public property commemorating the service of any individual or individuals in the armed forces of the United States. The legislative history indicates the purpose of 18 U.S.C. § 1369 is to deter and punish acts of vandalism and desecration of veterans' memorials located on public property. A violation of 18 U.S.C. § 1369 is punishable by a fine or imprisonment of not more than 10 years, or both.

In addition to injuring or destroying the structure, plaque, statue, or other monument commemorating the service of a veteran, one of two circumstances must occur before an individual can be found in violation of 18 U.S.C § 1369:

1. In committing the offense, the defendant must travel or cause another to travel in interstate or foreign commerce, or use the mail or an instrumentality of interstate or foreign commerce; or
2. The structure, plaque, statue, or other monument must be located on property owned by, or under the jurisdiction of, the federal government.

The two aforementioned circumstances are necessary elements for a violation of 18 U.S.C § 1369, one of which must occur before an individual is in violation of the federal law.

In summary, federal law prohibits the destruction or removal of any structure on public property which honors veterans, but only if the structure is located on property owned by or under the jurisdiction of the federal government; or the individual who removed or destroyed the structure traveled across state or national lines in commission of the offense.

We hope this answers your inquiry. If you would like additional information or have any other questions, please contact us.

Sincerely,

Christopher S. Joseph
Counsel

CSJ/BM

p.1

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House Appropriations Committee
Education and Environment Division

January 15, 2019

Joshua Wynne, MD, MBA, MPH
Vice President for Health Affairs, UND
Dean, UND SMHS
Executive Secretary, Advisory Council

David Molmen, MPH
Chair, UND SMHS Advisory Council
Trustee, American Hospital Association
Former CEO, Altru Health System

UND UNIVERSITY OF NORTH DAKOTA. LEADERS IN ACTION.

Overview of Today's Presentation

- Current status of health and healthcare in North Dakota – Mr. Molmen
- Strategic direction of the UND SMHS – Dr. Wynne
  - Where we were
  - Where we are now thanks to North Dakota's *Healthcare Workforce Initiative (HWI)*
  - Where we hope to go
- Budget implications – Dr. Wynne
- Recommendations for the ND Legislature from the UND SMHS Advisory Council – Mr. Molmen

UND School of Medicine & Health Sciences, University of North Dakota

Reference Materials

- Copy of PowerPoint slides used in today's presentation
- *UND SMHS Fact Sheet* with overview of various UND SMHS programs, statistics, and answers to frequently asked questions
- Executive Summary of the *Fifth Biennial Report – Health Issues for the State of North Dakota 2019*
- *Vital Signs – 2018 Community Report*

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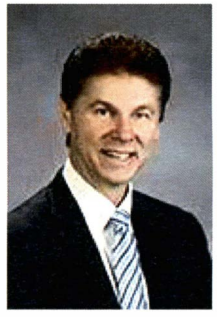
David Molmen, MPH



Chair, UND SMHS Advisory Council
Trustee, American Hospital Association
Former CEO, Altru Health System, Grand Forks, ND

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FIFTH BIENNIAL REPORT | 2019

HEALTH ISSUES FOR THE STATE OF NORTH DAKOTA



School of Medicine & Health Sciences Advisory Council

Center for Rural Health

UND School of Medicine & Health Sciences, University of North Dakota

Key Points from the *Fifth Biennial Report – Health Issues for the State of North Dakota 2019*

- Although North Dakotans have a lower prevalence of diabetes than the rest of the U.S. and are less likely to report fair or poor health, they have a higher risk of certain cancers and a mortality rate that exceeds the national average.
- North Dakota is tied for fourth in the country in the percentage of its state population 85 years of age or older. Because demand for healthcare increases with age, demand for services is especially pronounced in the state.

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Key Points from the *Fifth Biennial Report – Health Issues for the State of North Dakota 2019*

- North Dakota has fewer physicians per 10,000 residents (5.7) than the United States as a whole (7.2), but more primary care physicians on average. Our physicians are older and more likely to be male than elsewhere in the U.S.
- For all provider types, there are substantially more providers in urban compared with rural regions. For physicians, there are 84% fewer providers in rural compared with urban areas (adjusted for population).

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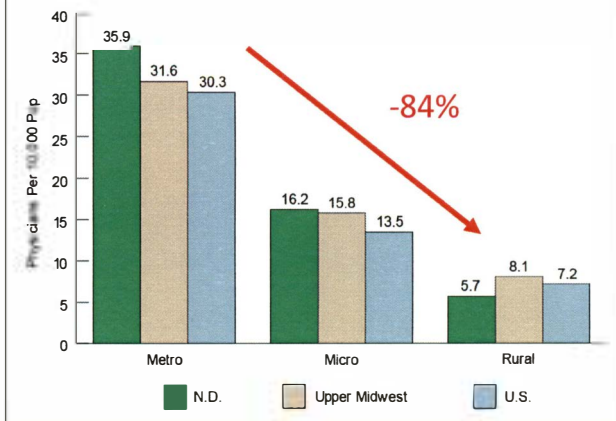

Figure 3.3. Physicians per 10,000 population for North Dakota with comparisons, 2015.[1,3,6]

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Key Points from the *Fifth Biennial Report – Health Issues for the State of North Dakota 2019*

- A majority of hospital nurses are licensed practical nurses (LPNs) or registered nurses (RNs) and were trained in-state. There was a vacancy rate of greater than 10 percent for all levels of nurses in 2018.

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Key Points from a National and State Healthcare Provider Perspective

- We recruit for healthcare providers on a regional, national, and even global stage. The same is true of health care educators. Thus, proper incentives for recruitment and retention are essential.
- With the aging of the population and especially of the physician healthcare provider workforce, the challenges of providing appropriate healthcare will only increase in the future.

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Joshua Wynne, MD, MBA, MPH

Vice President for Health Affairs, UND

Dean, UND School of Medicine and Health Sciences

Executive Secretary, UND SMHS Advisory Council

Healthcare Workforce Shortages in North Dakota Are **Not** New

- *Report of the Country Life Commission* (1909) – President Theodore Roosevelt
  "Physicians are further apart and are called in later in cases of sickness, and…medical attendance is…more expensive."
- Carnegie Commission's *Report on Medical Education* (1970)
  "The geographic distribution of health [providers] is highly uneven, and…there is little question that the supply of health [providers] is gravely deficient in some parts of the nation."

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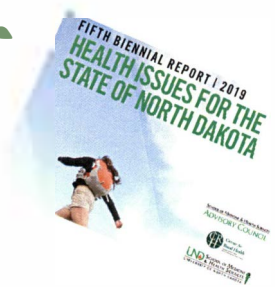
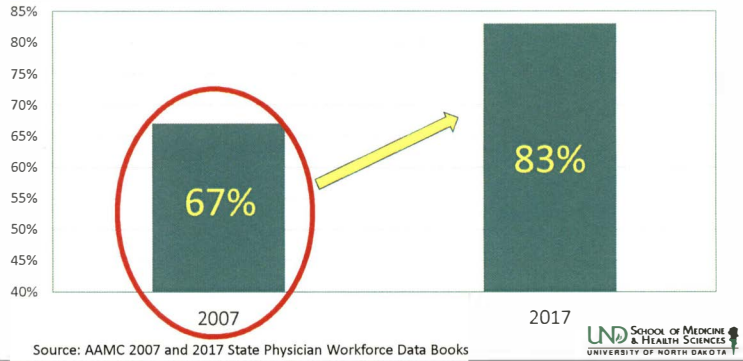
North Dakota's Healthcare Workforce Initiative

What is new is that we have a plan to address health care workforce issues



Percent of ND Medical Students Going to UND SMHS



Source: AAMC 2007 and 2017 State Physician Workforce Data Books

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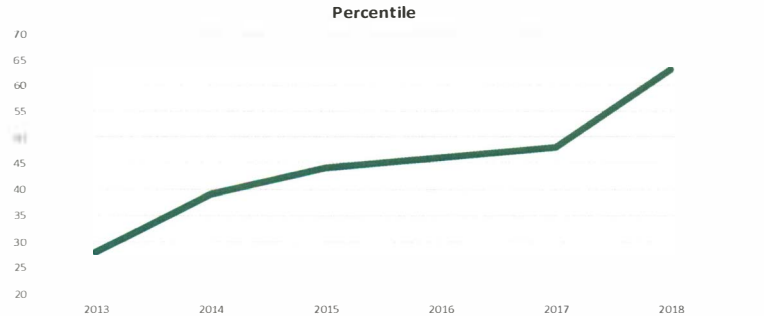
Retention of UND SMHS Medical Student Graduates for Practice In-State



Source: Association of American Medical Colleges Missions Management Tool 2018

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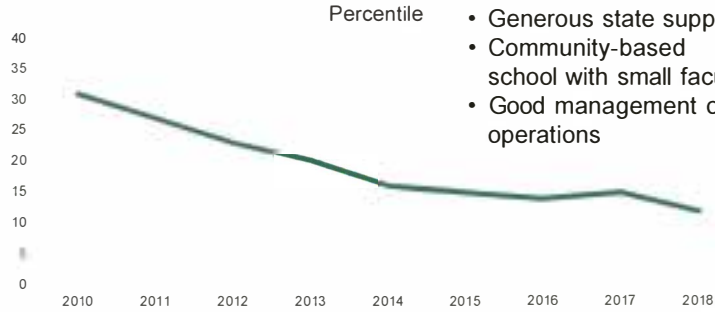
Medical Student Cost to Attend (In-state)



- Generous state support
- Community-based school with small faculty
- Good management of operations

Source: Association of American Medical Colleges Missions Management Tools 2010-2018

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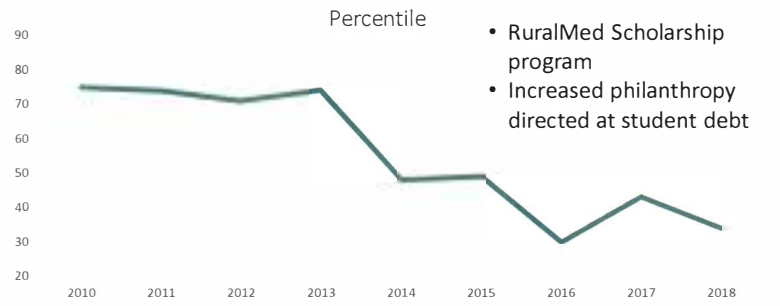
Medical Student Debt



- RuralMed Scholarship program
- Increased philanthropy directed at student debt

Source: Association of American Medical Colleges Missions Management Tools 2010-2018

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UND SMHS Outcomes

Metric	Percentile Rank
Percent of graduates practicing in rural areas (graduates 2003–2007)	98th
Percent of graduates entering family medicine (2018)	100th

Source: Association of American Medical Colleges Missions Management Tool 2018

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UND SMHS Outcomes

Metric	Percent
Completion rate for medical students (MD program) (average of last three years)	95%
Completion rate for 4 major UND SMHS graduate programs (including MD) (average of last 5-7 years depending on program)	94%

Source: *Vital Signs – 2018 Community Report* prepared by UND SMHS

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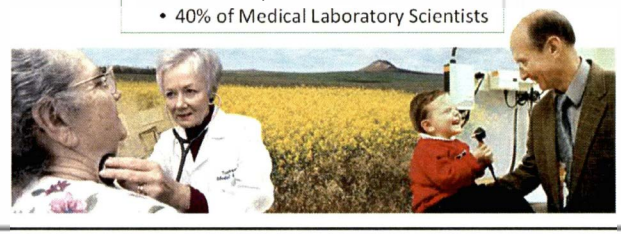
Value of the School and its Programs to the State

Providing healthcare professionals

- 72% of Family Medicine Physicians
- 44% of Physicians
- 52% of Physical Therapists
- 52% of Occupational Therapists
- 42% of Physician Assistants
- 40% of Medical Laboratory Scientists



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North Dakota's Healthcare Workforce Initiative Started in the 2011-13 Biennium

- Reduce disease burden ➔ focus on population health
  - Master of Public Health degree programs (UND and NDSU)
- Retain more healthcare provider graduates for North Dakota
  - RuralMed Program

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Healthcare Workforce Initiative

- Train more healthcare providers
  - Medical student class increased by 16/year (total of 64)
  - Health sciences students increased by 30/year (total of 90)
  - Resident (post-MD training required prior to clinical practice) slots increased by a total of 35 (original plan was for 51)
- Improve the efficiency of the healthcare delivery system
  - Training in interprofessional healthcare teams
  - Developing "virtual care" approaches that bring the clinic to the patient rather than the other way around (especially important in rural areas)

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Healthcare Delivery

- Improving the efficiency and effectiveness of healthcare delivery ➔ Perhaps most important
  - Transform the delivery of care
    - Increased utilization of non-physician providers, especially for routine care

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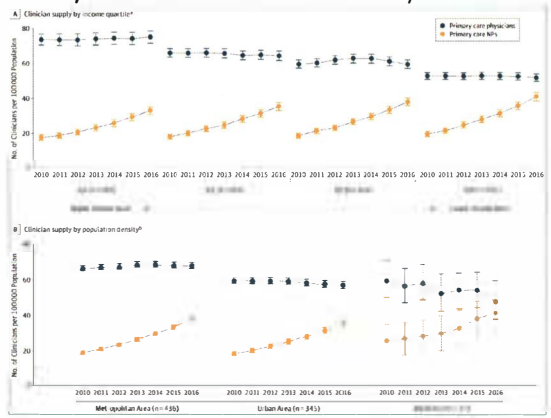
U.S. Primary Care Nurse Practitioners and Physicians 2010-2016



Source: Xue, Smith, and Spetz. *JAMA*. 2019;321(1):102-105. doi:10.1001/jama.2018.17944

UND School of Medicine and Health Sciences Dr. Wynne and Mr. Molmen

Grand Forks, ND

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Healthcare Delivery

- Improving the efficiency and effectiveness of healthcare delivery ➔ Perhaps most important
  - Transform the delivery of care
    - Increased utilization of non-physician providers, especially for routine care
    - Telemedicine
    - Personal devices (cell phones, etc.)
    - Emphasis on population health and behavioral determinants
    - Interprofessional healthcare teams

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Implementation of Healthcare Workforce Initiative Over the Past 4 Biennia

- Increased class sizes by almost 25%
- Expanded medical student and other academic programs
  - Minot Integrated Longitudinal Experience (MILE) Program for medical students
  - Master of Public Health/new Department of Population Health
- Added new residency programs focusing on rural primary care and other clinical physician provider shortage areas in North Dakota
- Intensified clinician retention efforts
  - RuralMed program
- Intensified efforts to train providers dedicated to transforming health care delivery
  - Interprofessional teams
  - Virtual medicine

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Predictors of Rural Primary Care Physician Practice

- Systematic review of 284 full-text articles in the medical literature with in-depth review of 72 studies
- Found four predictive themes for rural primary care practice:
  - Personal characteristics or background
    - ✓ Growing up in a rural area
    - ✓ Prior interest in rural or family medicine practice
  - Financial factors
    - ✓ Loan repayment, scholarships, or other programs

Source: Goodfellow et al, Academic Medicine, 91:1313-1321, 2016

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Predictors of Rural Primary Care Physician Practice

- Medical school curricula and programs
  - ✓ Family medicine specialty
  - ✓ Rural medicine program
- Graduate medical program (residency)
  - ✓ Family medicine rural track
  - ✓ Community health center exposure

Source: Goodfellow et al, Academic Medicine, 91:1313-1321, 2016

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Summary of Impact of HWI over the Past Decade

- Improved the health of North Dakotans
- Retained more physicians and other clinicians for practice in North Dakota
- Trained more physicians and other clinicians for practice in North Dakota
- Improved the efficiency of healthcare delivery

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Summary of Impact of HWI over the Past Decade

- Constructed the largest government-funded building project in the history of North Dakota*
  - Project finished on time
  - Project finished on budget
  - Project finished without significant incidents



"We shape our buildings and afterwards our buildings shape us." (Winston Churchill)

*In nominal dollars

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UND SMHS Budget Adjustments

- How did we adjust to the FY18-19 budget reduction?
  - Voluntary staff and faculty separations
  - Increased operational efficiencies
  - Reduced implementation of programs
    - Only able to fund 35 of the 51 approved residency slots
- Needs-based budget proposed by NDUS implicitly incorporates spending reductions because of increased operational expenses. This will be addressed through:
  - Additional operational efficiencies
  - Elimination of specific recruitment positions (e.g., Associate Dean for Research)
  - Expectation of increased self-generated (non-general fund) dollars

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Limited Options for UND SMHS Budget Adjustments

- Available options
  - Admit additional students
  - Admit out-of-state students
  - Increase tuition
  - Eliminate programs

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UND SMHS Degree Programs

1. Doctor of Medicine
2. Physical Therapy
3. Occupational Therapy
4. Medical Laboratory Science
5. Physician Assistant Studies
6. Sports Medicine/Athletic Training
7. Master of Public Health
8. Graduate programs in biomedical sciences/pathology

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Key Component of HWI At Risk

- Residency slots $10.7M

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Our Goals

- To be the best community-based school in the country
- To continue to be an innovator in education (with a focus on interprofessional teams)
- To continue to develop focused programs of research excellence
- To serve the people of North Dakota and beyond
  - Rural health
  - Healthcare workforce
    - Primary care (especially family medicine)
  - Health promotion
    - Interprofessional care
    - Virtual care

UND School of Medicine & Health Sciences University of North Dakota

Our Purpose as a School

"The primary purpose of the University of North Dakota School of Medicine and Health Sciences is to educate physicians and other health professionals and to enhance the quality of life in North Dakota. Other purposes include the discovery of knowledge that benefits the people of this state and enhances the quality of their lives."

Source: North Dakota Century Code Section 15-52-01

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Our Purpose as a School

- Educate
- Discover
- Serve



Metrics of Success

- Educate
  - Medical and health sciences graduates meet or exceed accepted standards on nationally recognized exams measuring academic progress
  - Exceed national average of medical students going into family medicine by 100% (i.e., at least double)

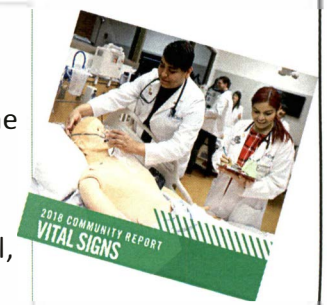
Metrics of Success

- Discover (Research)
  - By 2025 rank in the top 4 of all public community-based medical schools in the US in sponsored (grant) funding
    - Currently in the top quarter (78th percentile)
- Service (Healthcare Workforce Initiative)
  - Ensure an adequate supply and distribution of healthcare providers* throughout ND and the region by 2025
  - Generate at least $2 of other funding for every $1 of funding from general fund (ROI of ≥200%)

*Including virtual care

Assessing Our Results

- Annual report prepared in December of each year
- Called *Vital Signs,* it is a way for stakeholders to "take the pulse" of the UND SMHS
- Incorporates a variety of objective metrics to assess the progress of the UND SMHS in meeting its educational, research and scholarly, and service missions and obligations



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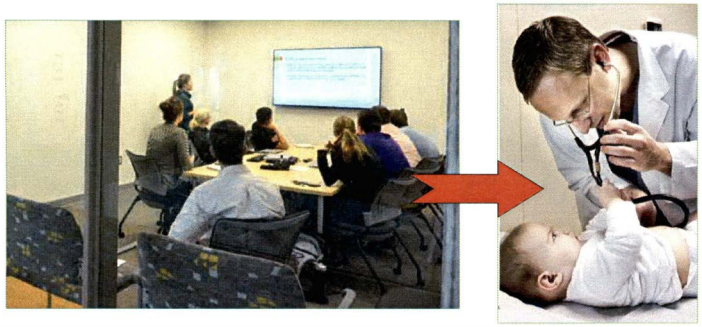
Our Mission for the last 114 years:



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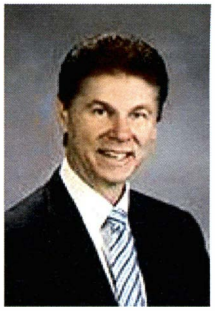

David Molmen, MPH

Chair, UND SMHS Advisory Council
Trustee, American Hospital Association
Former CEO, Altru Health System, Grand Forks, ND

Responsibilities of the UND SMHS Advisory Council

"The advisory council…shall study and make recommendations regarding the strategic plan, programs, and facilities of the school of medicine…The recommendations must:

(1) Address the health care needs of the people of the state;

(2) Provide information regarding the state's health care workforce needs; and

(3) Provide information that specifies the contributions that the university of North Dakota school of medicine and health sciences and the residency training programs in the state are making to meet the health care provider workforce needs of the state."

Source: North Dakota Century Code Section 15-52-04

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UND SMHS Budget Proposal

- The HWI involved an agreement between the School and the legislature for increased healthcare clinicians and healthcare programming for North Dakota provided by the UND SMHS to be supported by increased financial resources provided by the state.
- The UND SMHS is keeping its side of the agreement.
- Now the state needs to do the same.
- The School is not asking for more to do less; it is asking for the necessary funding so it can do even more.

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Recommendations
UND SMHS Advisory Council Meeting 12/3/18

1. The highest recommendation is to provide the requisite funding for the UND SMHS and the Healthcare Workforce Initiative (HWI) by approving the **needs-based budget** recommended by the NDUS/SBHE.
2. It is important that *all* of the HWI funding is in **"base"** rather than some in "one-time" funding (as included in the Executive Budget). This is important because we make longitudinal commitments to students/residents and faculty that extend beyond the biennial budget cycle.

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Recommendations
UND SMHS Advisory Council Meeting 12/3/18

3. To ensure the recruitment and retention of high-performing faculty and staff, it is important to endorse the salary merit increases proposed by NDUS/SBHE. Because such funding does not cover all of the associated costs (non-appropriated salary sources and health insurance premium increases), the UND SMHS is prepared to absorb the additional expense associated with this proposal (estimated at this time at over $5 million). **This is the equivalent of about an 8% budget cut of appropriated funding.**

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Recommendations
UND SMHS Advisory Council

Endorsement of these three funding recommendations by the legislature will enable the UND SMHS to continue its efforts to provide the necessary healthcare workforce and programing to improve the quality of life of North Dakotans (as specified in the North Dakota Century Code).

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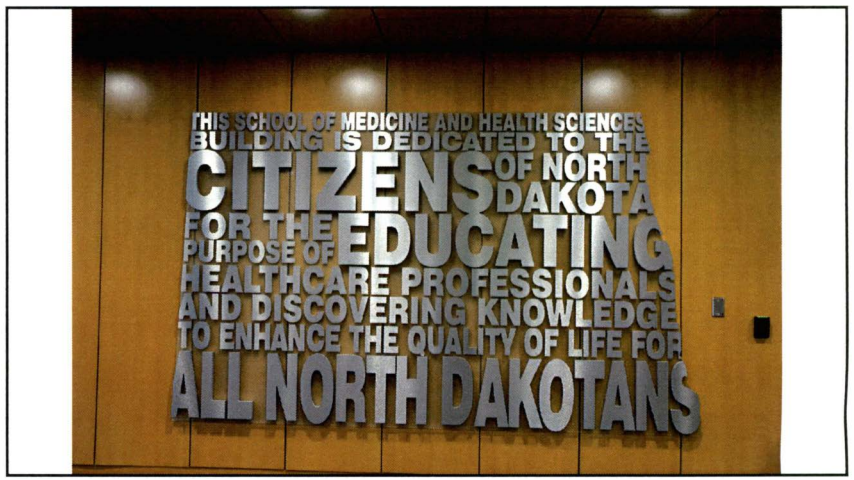

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UND SCHOOL OF MEDICINE & HEALTH SCIENCES
THE UNIVERSITY OF NORTH DAKOTA

FACT SHEET WITH Q&As

Physician Education

Physician education throughout the United States is divided into four phases that follow each other sequentially over the professional life span of a doctor:

- Undergraduate (college)—This typically requires four years. However, there are a number of combined undergraduate and medical school programs that can shorten the time span; Dr. Wynne, for example, is a graduate of the Boston University combined program and entered medical school after only two calendar years of undergraduate education.
- Medical school—This typically requires four years as well. A few schools shorten the time required to three years. Medical school education (also called undergraduate medical education or UME) typically is divided into halves—the first two years principally are in the classroom and for UND SMHS students takes place mainly in the new building in Grand Forks. These years often are called "pre-clinical," even though our students have patient contact beginning in their very first week of classes. The second two years are the clinical years, and take place in clinics and hospitals across the state. The UND SMHS operates four regional campuses to coordinate these teaching activities, in Grand Forks, Fargo, Bismarck, and Minot. In addition, students with a particular interest in rural practice participate in our Rural Opportunities in Medial Education (ROME) program, and they study and learn in a variety of rural communities throughout the state.
- Residency (also known as graduate medical education or GME)—In order to practice medicine in the United States, students who have graduated from medical school (and thus are allowed to use the title "Doctor") must complete additional training after graduation in a specific area of medicine (such as family medicine, surgery, or pediatrics). This additional training is called a residency; older terms for various phases of residency training include "intern" and "fellow." The level of training of a resident often is identified by what year of training they are in following medical school graduation, so a resident in the first year of training after graduation is referred to as a PGY1 (meaning first post-graduate year resident). Depending on the specialty choice of the resident, the trainee may need to complete several sequential residencies (so a doctor who wants to be a cardiologist, for example, would complete three years of internal medicine residency and then three [or more] years of cardiology residency). Most residencies (for example, internal medicine, family medicine, and pediatrics) are three years; surgery is five years. One of the fundamental concepts that differentiates residency training from college or medical school is that residents are paid a stipend, while college and medical students pay tuition.
- Continuing Medical Education (CME)—CME consists of the additional education and assessment of knowledge that is required of practicing physicians in order to maintain a license to practice medicine.

Questions and Answers about Residency

Q. How does a medical student get into a residency?

A. Most residency slots in the United States are apportioned through a computer matching process operated by the National Resident Matching Program (NRMP). This program collects match lists composed by residency programs and those composed by medical student applicants who apply to residency during their fourth (and last) year of medical school. The NRMP computer "matches" students with residency slots using the following principle: a student is

matched to the highest residency choice on the student's list that has ranked the student sufficiently high so that there is an available slot in that residency for the student.

Q. How are residency slots funded?

A. Most residency slots are funded through the Medicare program and are based on a cost report submitted by the participating hospital. In some states (but not North Dakota), Medicaid funding is used as well. The number of slots and associated funding were largely frozen by the Balanced Budget Act (BBA) of 1997. Residency slots that are added above the "cap" established by the BBA must be paid for using other sources of funding; this often is from hospital resources, state general funds, physician practice income, or other ancillary funding sources.

Q. Why is North Dakota funding additional residency slots?

A. Because it is one of the very best ways to retain more doctors for practice within the state, especially primary care (family medicine) doctors. Thus funding residency positions is directly related to increasing the distribution of physicians in the state, especially in rural areas. How so? Because the retention of doctors practicing in North Dakota increases dramatically if they complete both medical school and a residency in the state. About one out of three students completing just medical school here eventually practices within North Dakota. If an out-of-state medical school graduate completes just a residency here, there is a little less than a one in two chance of the doctor practicing here. **But, if a doctor completes both medical school and residency here, there is a two out of three likelihood that the doctor will practice here.**

Q. Why are the additional slots needed?

A. Because we don't have enough slots for all of our graduating medical students. Before the expansion of our residency slots through the Healthcare Workforce Initiative (HWI), we had residency slots available for only half of the members of our graduating class of medical students. That meant that half the class had to leave the state to complete their residency. Our ratio of 0.5 residency slots/graduating medical student was far below the national average of 1.0 (meaning that there was at least one residency slot available for every medical student graduate if he or she wanted it), and placed us at the bottom of the heap compared with other states. We ranked 45th out of 45 of the states in the United States with medical schools! (Note that even as we increase the number of residency slots, some members of the class will still go out-of-state for residency; those who want to enter radiology or pediatrics, for example, must go out-of-state because we don't have those residencies available in North Dakota. But at least all who'd like to stay will be able to with the increased number of slots).

Q. How can North Dakota justify the expense associated with the residency? Is it sustainable in the long run?

A. Although the UND SMHS continually looks for other sources of funding for the residency expenditures, even if none are found, funding for the residencies still makes sense. First, it will be impossible to retain (let alone attract) younger citizens and families to North Dakota without physicians and good healthcare. But it even makes good economic sense. At present, the HWI will graduate about 11 residents per year. The cumulative expenditures for those graduates will be around $5 million. Of the 11 graduates, we will retain 8. National surveys have shown that each physician generates around $2.25 million in annual economic activity, or around $18 million for all eight. So over ten years, the return on a $5 million investment will be nearly $200 million dollars in economic activity for North Dakota!

Questions and Answers about Philanthropy

Q. Why did the UND SMHS designate an increase in student scholarships as its main philanthropic goal over the last decade? Why not use those funds for, say, defraying the cost of programs (that is to say, operational costs)?

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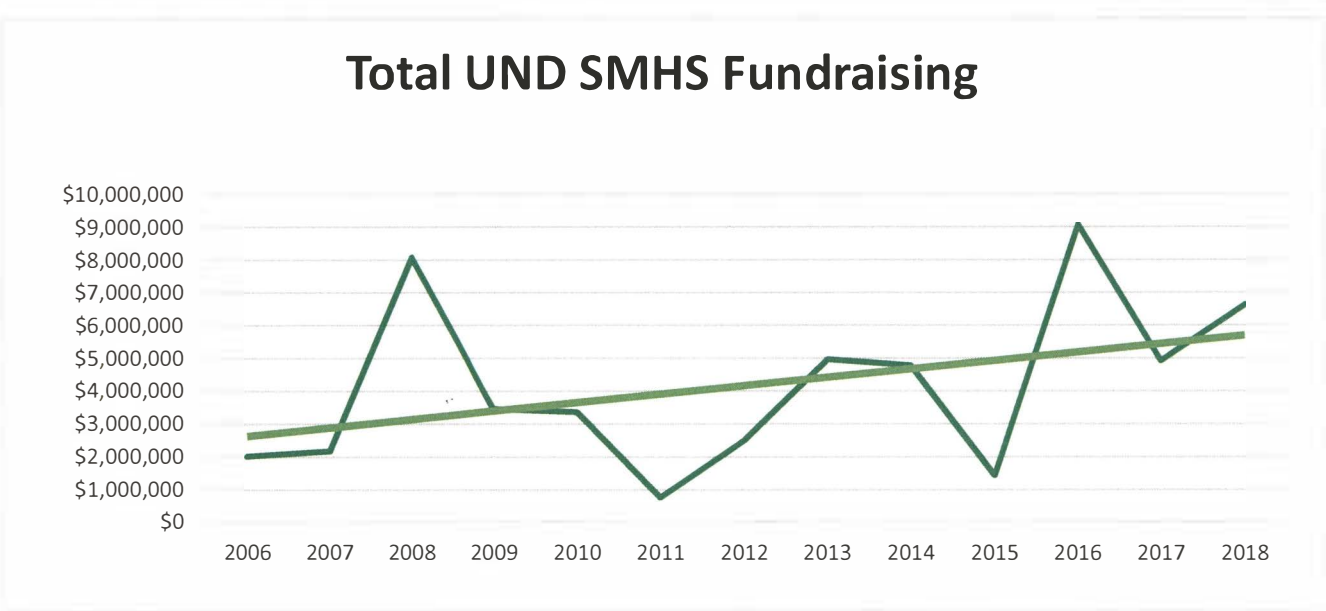
A. The reason that the UND SMHS strove to increase scholarships for students was directly related to the purpose statement established for the School in the North Dakota Century Code: "…to educate physicians and other health professionals and to enhance the quality of life in North Dakota" (Source: NDCC 15-52-01). In order to increase the number of medical graduates practicing in North Dakota, especially in the rural areas, it is critical to eliminate roadblocks that impede that pathway. And a high level of educational debt is widely recognized as a major barrier to rural primary care practice. A review by Goodfellow and others in *Academic Medicine* (*91*:1313–1321, 2016) identified mitigation of student debt as one of four critical factors that enabled and encouraged rural primary care practice. Despite low cost to attend, UND medical students had higher than average educational debt (the average medical school debt in the United States is around $170,000). Accordingly, we used the naming opportunities provided by the new building to acknowledge those donors who contributed to the UND Alumni Association and Foundation on behalf of the UND SMHS, and thus to increase our scholarship offerings.

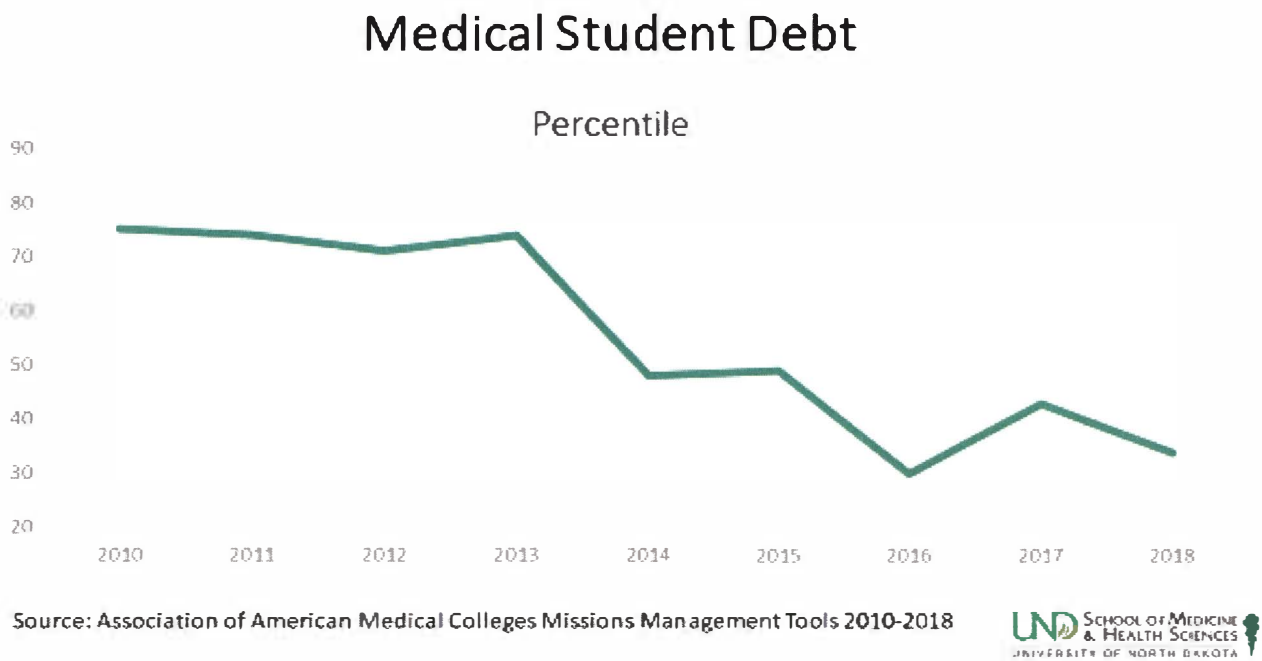
Q. How successful was the fund-raising effort?



A. It was spectacularly successful (see graph above with yearly totals and a trend line)! Note that the yearly average of donations shown on the trend line has increased from around $3 million to almost $6 million. The UND SMHS has raised more money through philanthropy in the last few years than ever in its history. As a consequence of being able to use the naming rights in the new building to attract potential donors, we raised $8.44 million. An additional $2.34 million came from the ND Challenge Fund for a total of $10.78 million—the great majority of which (34 of the 38 named spaces) support student scholarships.

Q. So, what happened to medical student debt?

A. As a consequence of the increased philanthropy, scholarships were increased. This, along with the RuralMed Scholarship Program funded by the North Dakota Legislature, resulted in a precipitous fall in the cumulative debt of medical students, falling from well above average (around the 75th percentile) to well below average (around the 33rd percentile; see graph below on the next page).



This should translate into more doctors practicing in rural North Dakota.

Further Details Regarding ND Residencies

	Biennial Numbers
Number of residents in North Dakota GME programs before HWI program implementation (UND programs [196] and associated program thru Altru Health System [36])	232
Number of HWI residents on contract in 2019–21	70
Average Cost of each resident position for 2019–21	$152,517
(Note that this cost is very much in keeping with national cost estimates per residency slot)	
Average Cost per Resident Summary	
Average Cost of each resident stipend and fringe benefits: $78,500.	
(Stipend: $61,774; Benefits: $16,726)	

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Average cost of each Resident for faculty supervision, administrative support, and operating costs: $74,017

Composition of Medical Student Class of 2022

Category	Percent of Class
ND resident	67%
ND resident or ties to ND	85%
MN resident	10%
WICHE	6%
INMED	7 slots (out of 78)

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HEALTH ISSUES FOR THE STATE OF NORTH DAKOTA



SCHOOL OF MEDICINE & HEALTH SCIENCES
ADVISORY COUNCIL

Center *for* Rural Health
University of North Dakota
School of Medicine and Health Sciences

UND SCHOOL OF MEDICINE & HEALTH SCIENCES
UNIVERSITY OF NORTH DAKOTA

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SCHOOL OF MEDICINE & HEALTH SCIENCES

ADVISORY COUNCIL

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Disclaimer

This *Biennial Report* represents the good-faith effort of the UND School of Medicine and Health Sciences and its Advisory Council to provide current and accurate information about the state of healthcare in North Dakota. Numerous sources were used in gathering the information found in this *Report*. We welcome corrections, which we will incorporate in subsequent editions of the *Biennial Report*.

Acknowledgement

We acknowledge the exceptional contributions of the following individuals in the preparation of the *Report*: Mandi-Leigh Peterson, Robin Besse, Karen Vanderzanden, Nathan Fix, Sonja Bauman, Kristen Leighton, and Delphine Tamukong of the North Dakota Healthcare Workforce Group; Dr. Tom Mohr, associate dean for Health Sciences; Dr. Rashid Ahmed, associate dean of research, Dr. Jana Zwilling, and Dr. Rhoda Owens, of the College of Nursing and Professional Disciplines; Brad Gibbens, of the Center for Rural Health; Jessica Sobolik and Brian Schill of the Office of Alumni and Community Relations; and Laura Cory of Information Resources. In addition, we thank Dr. Gary Schwartz, chair of the Department of Population Health; Rebecca Quinn, Dr. Shawnda Schroeder, and Lynette Dickson of the Center for Rural Health.

Cover photo courtesy of North Dakota Tourism.

EXECUTIVE SUMMARY*

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North Dakota (ND), like the rest of the country, is facing a major healthcare delivery challenge—how to meet a burgeoning need for healthcare services now and especially in the future with a supply of physicians and other healthcare providers that has not kept pace with the growing demand. The problem is particularly important in rural and western parts of North Dakota, where there has been a chronic shortage especially of primary care providers dating back for many decades. The data that were reviewed for this report illustrate two major problems in North Dakota. One problem is an inadequate number of healthcare providers; however, the larger problem is a maldistribution of providers. The data show that healthcare providers are disproportionately located in the larger urbanized areas of the state, leaving many rural areas with a shortage. Without direct intervention, the difficulty of providing adequate healthcare in North Dakota will worsen over the coming decades from the combination of aging of the population (including aging and eventual retirement of the healthcare workforce) along with localized population growth in the Oil Patch and the cities, both of which will increase the demand for healthcare services in those areas.

However, unlike much of the rest of the country, North Dakota is directly addressing its healthcare delivery challenges through the implementation of a well-vetted plan for healthcare workforce development and improved healthcare delivery. That plan, the Healthcare Workforce Initiative (HWI), was an outgrowth of both the *First* and *Second Biennial Reports on Health Issues for the State of North Dakota*. Phase I of the HWI, which began by increasing medical and health sciences class sizes along with increasing residency (post-MD degree training) slots, has been fully implemented. Phase II of the plan, which includes full class size expansion and further growth of residency slots in the state, has been implemented as well. The HWI should, in the future, decrease North Dakota's healthcare delivery challenges through attainment of its four goals: 1) reducing disease burden, 2) retaining more healthcare provider graduates for care delivery within the state, 3) training more healthcare providers, and 4) improving the efficiency of the state's healthcare delivery system through an emphasis on team-based care delivery approaches. To accommodate the substantial class size expansions associated with the HWI, a new University of North Dakota (UND) School of Medicine and Health Sciences (SMHS) facility was completed in 2016 and is fully functional on UND's Grand Forks campus. The largest government-funded building construction project in the state's history, it was completed on time and on budget.

In accordance with the expectations specified in the North Dakota Century Code (NDCC 15-52-04), this *Fifth Biennial Report on Health Issues for the State of North Dakota (Report)* updates the first four *Reports* with an assessment of the current state of health of North Dakotans and their healthcare delivery system, along with an analysis of the steps that need to be taken to ensure that all North Dakotans have access to high-quality healthcare at an affordable cost in the future.

Demographics of North Dakota: The *Report* begins with an updated analysis of the population demographics in North Dakota, utilizing the most recently available data. Standardized definitions are used to define the state's population—metropolitan to denote areas with a core population of 50,000 or more; micropolitan (or large rural) to denote areas with core populations of 10,000 to 49,999; and rural to denote areas with less than a population of 10,000. Fifty percent of North Dakota's current population resides in metropolitan areas, with a little more than a quarter (26%) located in rural areas. This represents a dramatic change, where only a few decades ago, more than half of the state's population was located in rural areas. North Dakota is one of the least densely populated states in the country, ranking 49th in population density, and is tied for fourth in the country in the percentage of its state population that is 85 years of age or older. Because demand for healthcare increases proportionally with age, demand for healthcare services is especially pronounced in North Dakota. Such needs will only increase as the state's citizens grow older. People in rural regions of North Dakota are generally older, poorer, and have less or no insurance coverage than people in non-rural areas, all of which are challenges to providing adequate healthcare. Rural regions continue to experience depopulation, which will only exacerbate the current problem of healthcare access and delivery.

* The full *Report*, along with all supporting data, is available at med.UND.edu/publications/biennial-report.

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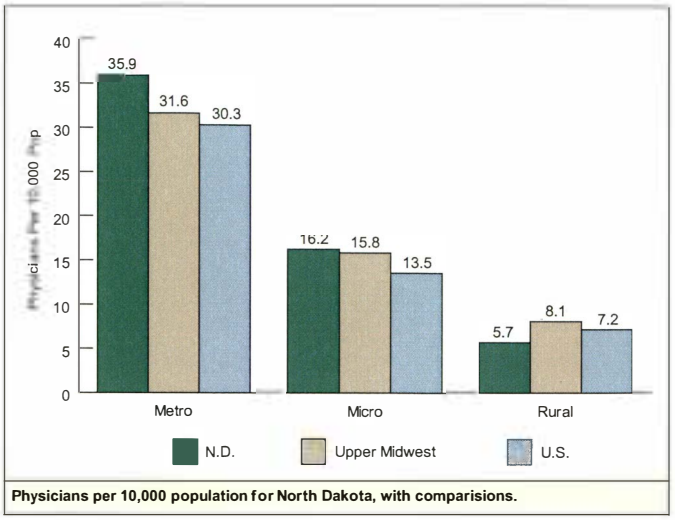
The Health of North Dakota: The health of North Dakotans, in comparison with the rest of the United States, generally is good. North Dakotans have a slightly lower prevalence of diabetes than the rest of the United States and are less likely to report fair or poor health. However, North Dakotans tend to have a higher risk of some types of cancer and a mortality rate that exceeds the national average. Behavioral risks tend to increase as population density decreases; rural areas have the worst behavioral risk, with an increased frequency of obesity, smoking, and alcohol consumption, especially in males.

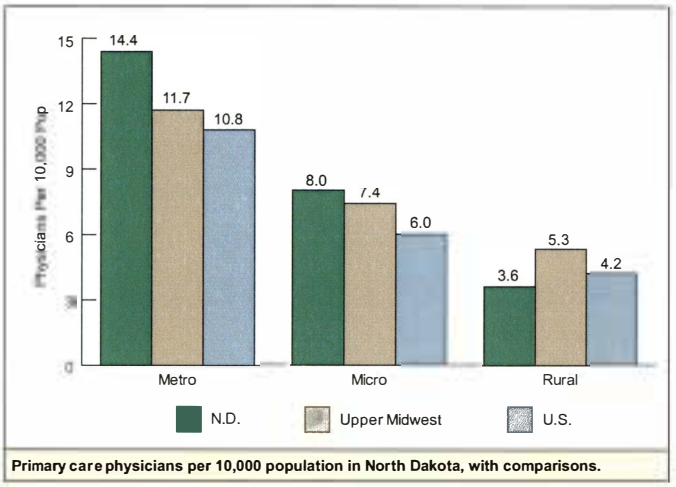
Physician Workforce: The physician workforce in North Dakota has fewer physicians per 10,000 population than the United States as a whole or the Midwest comparison group, and although the gap had narrowed over the past three decades, it recently widened. Our physicians are older and more likely to be male than elsewhere in the United States. About one-fourth of the physician workforce is made up of international medical graduates, a little higher than the rest of the country. The UND SMHS is an important source of physicians for the state, accounting for 47% of the more than 1,000 physicians practicing in North Dakota who graduated from a U.S. medical school. The Rural Opportunities in Medical Education (ROME) program has had 144 participants, of which 88 are currently practicing medicine. Of those, 66% are practicing in primary care, and 29% are practicing in rural areas.

About 44% of the physicians in North Dakota received some or all of their medical training (medical school or residency or both) in-state. The patient-to-physician ratio is not equally distributed across the state. Micropolitan areas have about twice as many patients per physician as metropolitan areas, while rural areas have about five times as many. Predictions of an inadequate future physician supply has helped garner support for the HWI. Without the effects of the HWI, current estimates indicate a shortage of some 260 to 360 physicians by 2025, the consequence of a heightened need for healthcare services as the Baby Boom generation ages, but also from retirements in the aging physician workforce (one-third of the physicians in North Dakota are 55 years of age or older). If the population of North Dakota increases to 800,000 people at some point in the future, as predicted, around 500 additional physicians will be needed.

Primary Care Physician Workforce: The state's primary care physicians include family medicine, general internal medicine, and general pediatrics. Compared with the rest of the country, North Dakota has more primary care physicians when normalized to the population size. Their density is significantly higher than either comparison group in metropolitan regions; it is only in rural areas where North Dakota significantly lags the Midwest comparison group. Although primary care physicians in North Dakota are more likely to practice in rural areas compared with specialist physicians, they still are twice as likely to be found in urban regions than rural



Physicians per 10,000 population for North Dakota, with comparisons.



Primary care physicians per 10,000 population in North Dakota, with comparisons.

areas. Residency training in North Dakota is an especially important conduit of primary care physicians, since nearly half (45%) of them have completed a residency within the state; more than half went to medical school at UND, completed an in-state residency, or did both.

North Dakota has relatively fewer specialists than the Midwest or the rest of the United States in certain specialties, including obstetrics-gynecology. We have about the same relative number of psychiatrists as other Midwest states, although two-thirds of them work in the eastern part of the state, leaving the western parts of North Dakota with a relative shortage.

Nursing Workforce: The state's nursing workforce was examined using a new hospital survey and new licensure data. A majority of hospital nurses are licensed practical nurses (LPNs) or registered nurses (RNs). There was a vacancy rate of greater than 10% for all levels of nurses. North Dakota institutions train a majority of the state's nursing workforce. A majority of RNs and LPNs were trained in state, with a majority working in an in-patient setting. A majority of nurse practitioners were trained in North Dakota with a majority working in primary care.

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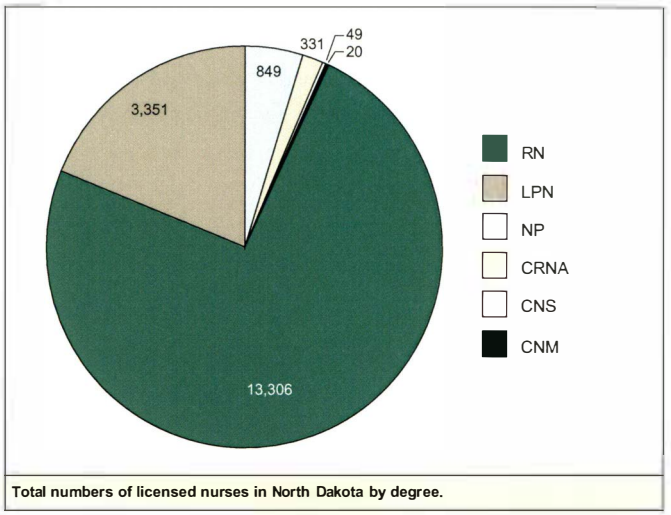
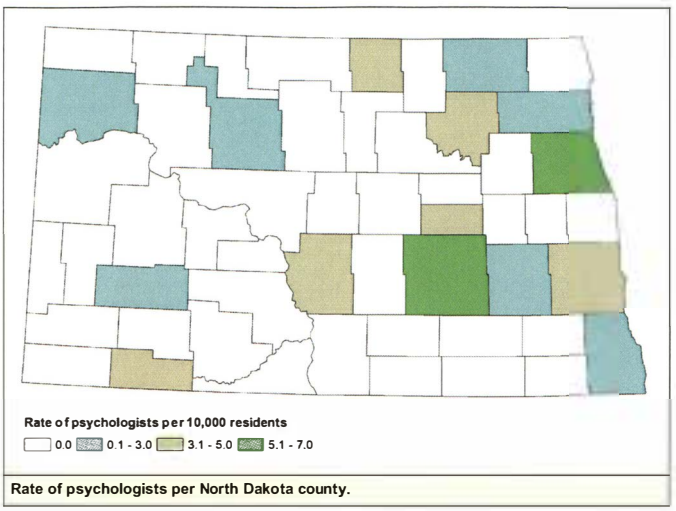
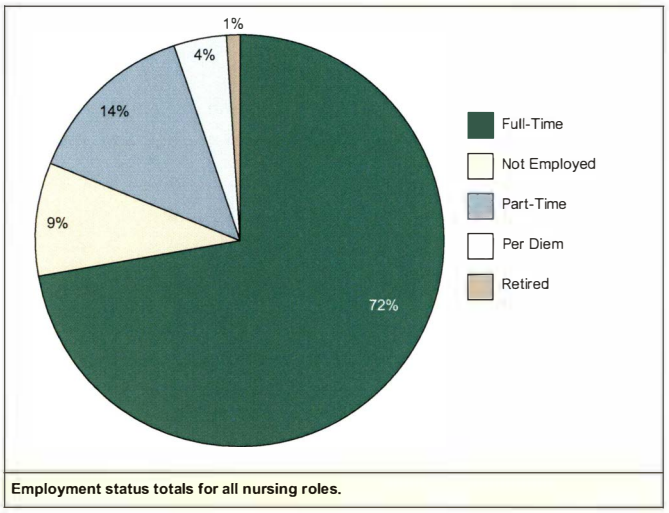


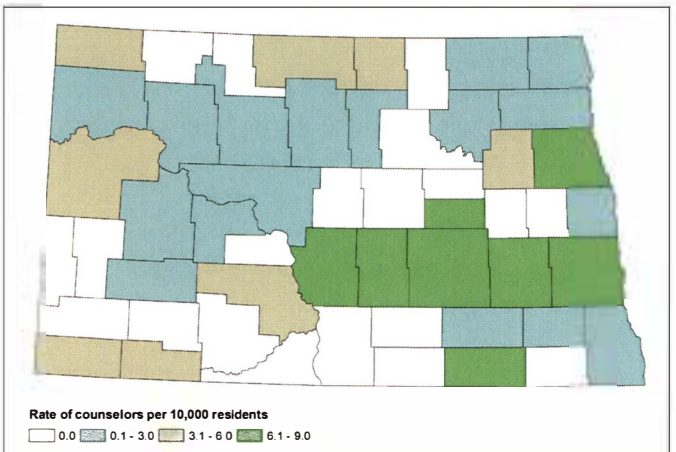
Total numbers of licensed nurses in North Dakota by degree.



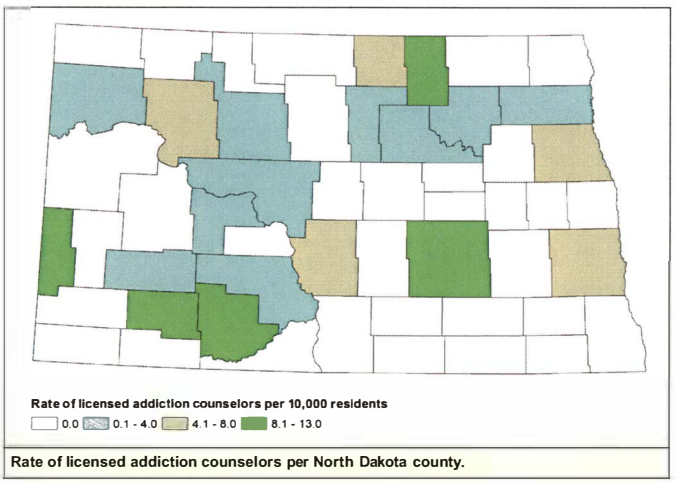
Rate of psychologists per North Dakota county.



Employment status totals for all nursing roles.



Rate of counselors per North Dakota county.



Rate of licensed addiction counselors per North Dakota county.

Psychiatrists, Behavioral Health, and Non-Physician Healthcare Workforce: A majority of the data reported are from professional licensure boards and is new to the current *Report* or expanded from previous *Reports*. Most behavioral health professionals are found in urban areas. This includes psychiatrists, psychologists, counselors, licensed addiction counselors, and social workers. More than half of all social workers were trained in North Dakota. Almost three-quarters of the physical therapists and physical therapist assistants were trained in North Dakota, with half having received training at UND. Of those physician assistants trained in North Dakota, half practice in rural areas and 38% practice in rural primary care.

Healthcare Facility Workforce: Nursing facilities and hospitals typically rely on external contract employees, along with physical therapists, occupational therapists, and speech therapists as the most common external contract employees. The highest turnover rate was found with nurse assistants, which were the most difficult positions to fill.

Healthcare Organization and Infrastructure: Healthcare in North Dakota is delivered through more than 300 ambulatory care clinics, 52 hospitals, 80 skilled-nursing facilities, 68 basic-care facilities, and 72 assisted-living facilities, supported by an array of EMS providers, trauma centers, 28 public health units, oral health providers, mental health providers, and pharmacies. Generally, the further the facility is from a metropolitan area, the more its operation is threatened by financial and other pressures, including staff recruitment and

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retention. Rural health organizations tend to be small in size but have a significant impact on both the health of individuals and the economic base of the community.

Healthcare Policy: Nationally, the health delivery system is going through profound change. Improvements in population health and a realignment of provider payments to incorporate those improvements is a new and fundamental reality. The quality and safety of care delivered in a healthcare system is directly associated with improving and maintaining overall health status. In a complex healthcare system, there are a number of concerns, such as the availability of providers; access to care and health services, technology, and treatment advancement; and the financial dimensions of affordability and payment. Each of these is a contributing factor in the overall strategy to be considered when reforming or redesigning the health system. In addition, the quality of care provided to the population and the patient outcomes produced are equally important facets of reform.

The statewide problem of unmet mental and behavioral health needs, especially related to the burgeoning opioid abuse issue, is highlighted in the current *Report*. One approach already implemented through the HWI is to bring the often rural patient to the provider through the use of telepsychiatry. The UND Department of Psychiatry and Behavioral Science has implemented training in telepsychiatry for all of its residents so that they will be able to utilize this effectively in clinical practice.

The quality of healthcare delivered in North Dakota is as good as or better than much of the United States, but there appears to have been a decline in several measures in the past few years, particularly in the delivery of certain acute-care services. North Dakota (along with other upper Midwest states) generally provides high-quality care at relatively lower cost than other states in the United States. North Dakota ranked 22nd in the country in a recent assessment undertaken by the Commonwealth Fund (down from 9th in 2009).

The *Report* concludes with a strong ongoing endorsement of the HWI and a recommendation to continue its funding by the 66th Legislative Assembly. One component of the HWI—the RuralMed medical school scholarship program—is cited in particular for its positive results in rural physician recruitment. An important issue for consideration by the 66th Legislative Assembly is the effect of the state's current financial status on funding for the HWI. Because of the required budget allotment process during the 2015–2017 biennium that amounted effectively to more than a 10% budget reduction, 19 approved residency slots (post-MD degree training) could not be funded. The budget submitted by the UND SMHS for the 2019–2021 biennium and endorsed by both UND and the State Board of Higher Education has been structured to make current funding levels permanent (that is, part of base funding) and thus allow a continuation of the various vital healthcare educational programs of the UND SMHS. It will be up to the 66th Legislative Assembly to weigh the merits of full funding of the HWI in relation to the other funding priorities. The UND SMHS Advisory Council strongly supports full funding of the HWI as requested in the submitted UND SMHS budget.

AN ELECTRONIC VERSION OF THE COMPLETE REPORT IS AVAILABLE AT MED.UND.EDU/PUBLICATIONS/BIENNIAL-REPORT.

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Dedication plaque at the entrance of the new UND School of Medicine & Health Sciences building in Grand Forks, N.D.

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2018 COMMUNITY REPORT
VITAL SIGNS

Educate. Discover. Serve.

UND School of Medicine & Health Sciences
University of North Dakota

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Vice President for Health Affairs and Dean

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Senior Associate Dean for Medicine & Research

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Designated Institutional Official (DIO)
Director of Graduate Medical Education

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Assistant Dean for Medical Curriculum

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The primary purpose of the University of North Dakota School of Medicine and Health Sciences is to educate physicians and other health professionals and to enhance the quality of life in North Dakota. Other purposes include the discovery of knowledge that benefits the people of this state and enhances the quality of their lives.

—North Dakota Century Code (Section 15-52)

Educate

- More than 1,200 part-time or volunteer clinical faculty in more than 30 communities throughout the state help to educate medical students and residents.
- There are four clinical campuses located in Bismarck, Fargo, Grand Forks, and Minot.
- Health sciences students receive training not only in North Dakota but also across the country, including occupational therapy and public health programs in Casper, Wyo., and a medical laboratory science program at Mayo Clinic in Rochester, Minn.
- The School's patient-centered-learning curriculum is nationally recognized for producing caring, patient-centered, and dedicated practitioners.
- The School uses the latest in simulation technology for interprofessional teaching and serves as a valuable resource for healthcare professionals throughout North Dakota and the region.
- Interprofessional learning activities, including an interprofessional healthcare course and simulation activities, provide students with a strong practical understanding of the various healthcare professionals on their team.

Discover

Areas of Research Strength

- Aging
- Cancer
- Environmental influences on health
- Health disparities in rural and American Indian communities
- Infectious diseases
- Neurodegenerative disorders

The School has facilities for the study of drug addiction and neurodegenerative diseases such as Parkinson's, Alzheimer's, multiple sclerosis, and epilepsy. Faculty at the UND SMHS not only publish their research in leading journals each year but apply for and are awarded tens of millions of dollars in grants from agencies such as the National Institutes of Health, the Centers for Disease Control and Prevention, and the Department of Health and Human Services. In 2018, researchers received grants dedicated to projects studying cancer, infectious disease, and epilepsy, among other awards.

The School's Department of Biomedical Sciences was awarded the UND Departmental Award for Excellence in Research in 2018.

Serve

- The School improves the health and healthcare of North Dakotans through research, community engagement, and prevention programs.
- Direct primary care to North Dakotans is provided through its family medicine clinics in Bismarck and Minot.
- The School leads the nation in rural health through the Center for Rural Health (CRH), one of the nation's best. It is home to seven national programs: the National Resource Center on Native American Aging, the National Indigenous Elder Justice Initiative, the Rural Health Information Hub, the Rural Health Research Gateway, the Rural Health Reform Policy Research Center, the Seven Generations Center of Excellence in Native Behavioral Health, and TruServe, a web-based information tracking system that is now used by most state offices of rural health. CRH works to develop capacity and skill at the rural community level through education, training, assessment, planning, and evaluation. Primary focus areas include community development, research, evaluation, policy, and education.
- The Center for Rural Health is a UND Center of Excellence in Research, Scholarship, and Creative Activity, and in 2013 was awarded the UND Departmental Award for Excellence in Research.

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The UND School of Medicine and Health Sciences is one of 28 medical schools in the country that is community-based, meaning we don't own or operate our own hospital. Rather, we partner with healthcare providers in the community to educate our students.

Graduate Programs

Doctor of Philosophy and Master of Science degrees in Biomedical Sciences, with specializations in:

- Inflammation and Infectious Disease
- Neuroscience and Neurodegenerative Disease
- Epigenetics
- Molecular and Cellular Biology

Doctor of Philosophy and Master of Science degrees in Clinical and Translational Science, with specializations in:

- Molecular and Pathological Basis of Human Disease
- Bioinformatics and Human Population Genetics

Medical Doctor (MD) Program

All medical students spend their first two years in Grand Forks. They learn through lectures, laboratories, patient simulations, and in patient-centered-learning groups, where basic and clinical sciences are taught in the context of patient cases. They then spend two years of clinical training in Bismarck, Fargo, Grand Forks, Minot, or a rural community through the Rural Opportunities in Medical Education (ROME) Program.

Master of Public Health

The UND SMHS Master of Public Health program is designed to prepare students to respond to the growing demand for public health professionals who can promote health and wellness through population-based approaches.

Health Sciences

Athletic Training

- Four-year Bachelor of Science

Medical Laboratory Science

- Four-year Bachelor of Science or post-baccalaureate certificate
- Categorical Certificate
- Master of Science
- More than 60 clinical training sites in 10 states with more than half in North Dakota and the surrounding region

Occupational Therapy

- Two year pre-occupational therapy program and three year Master of Occupational Therapy
- Three year pre-occupational therapy program and three year Occupational Therapy Doctorate (starting Aug. 2019)

Physical Therapy

- Three-year pre-physical therapy and three-year Doctor of Physical Therapy

Physician Assistant Studies

- Two-year Master of Physician Assistant Studies

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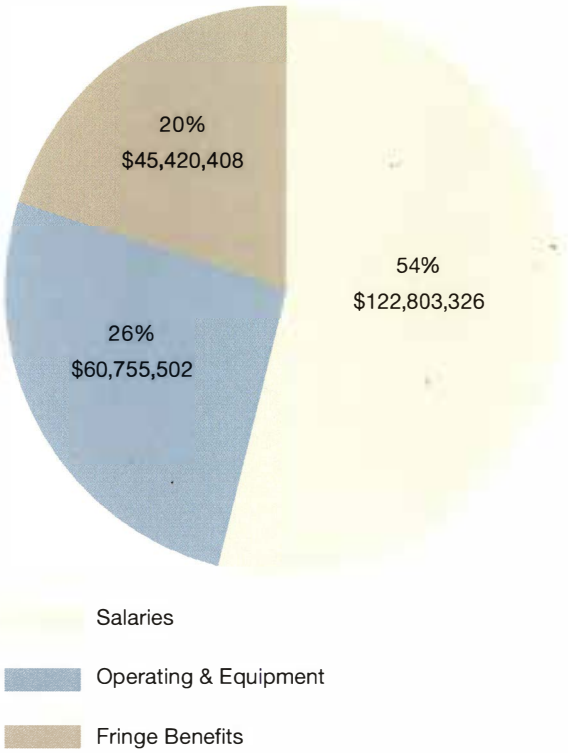
Our biennial budget is $228,979,236. The majority comes from non-state sources such as grants, contracts, patient revenue, and tuition.

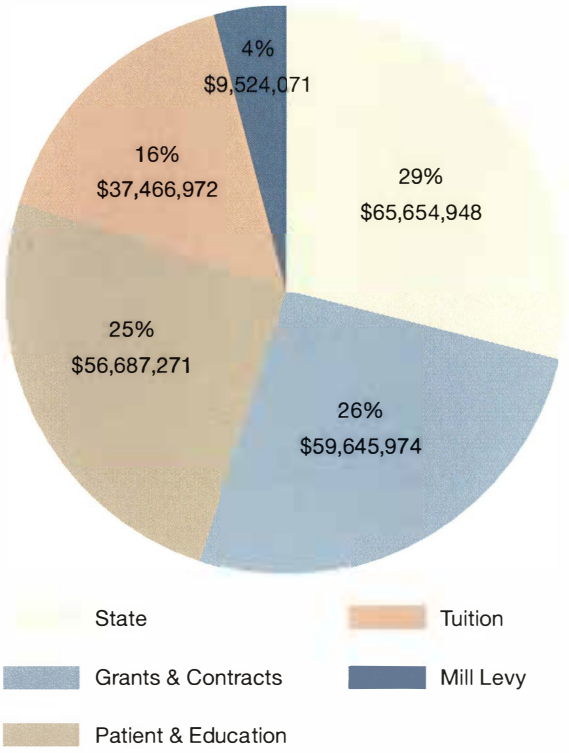
Estimated Expenditures: 2017–2019

Total: $228,979,236



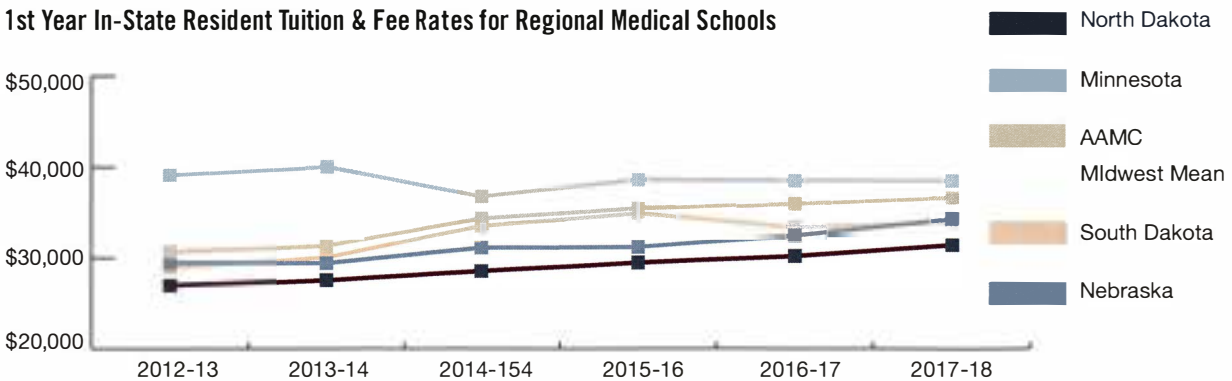
Estimated Revenue: 2017–2019

Total: $228,979,236



For every $1 appropriated to the School by the Legislature, the School generates over $2 in grants, contracts, tuition, and service revenues. The total direct economic impact of the SMHS over the next three biennia should exceed $750 million.

1st Year In-State Resident Tuition & Fee Rates for Regional Medical Schools



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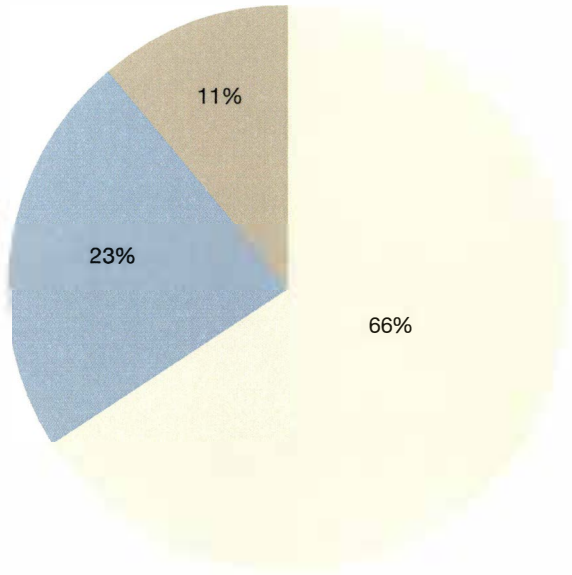
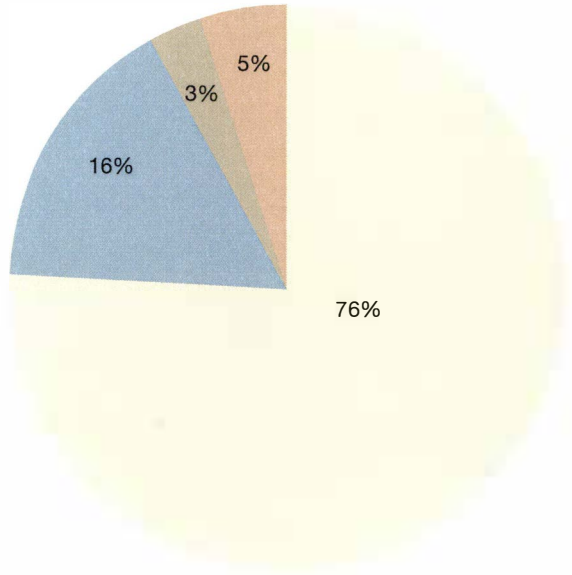
Sources of Donations, Fiscal Year 2018



Retained Donors	377
Reengaged Donors	133
New Donors	65
Total Donors:	575



Alumni	435
Friends	95
Corporations/foundations/ matching gifts	19
Other	26
Total Donors:	575

"Thank you for your commitment to future UND physicians, and most importantly to our future patients!"

SHANALEE MOUNTAN
UND Medical Student
Class of 2019

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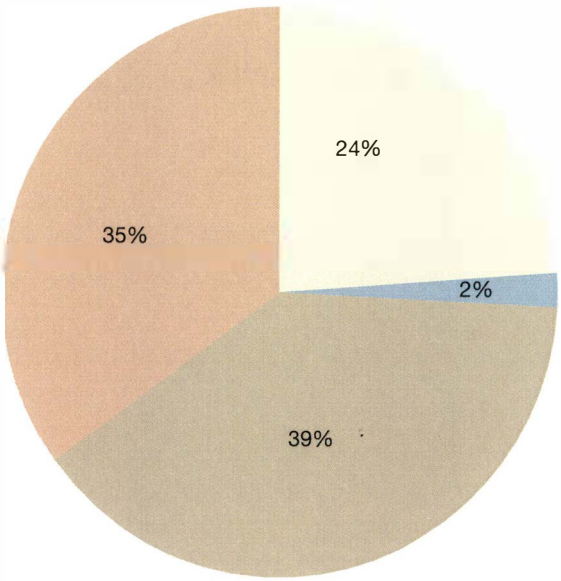
Uses of Donations, Fiscal Year 2018



Students	$ 1,584,263
Educators (faculty)	136,800
Programs	2,564,300
Priority Needs	2,350,432
Total:	$ 6,635,795

Fiscal Year 2017

Retained Donors	401
Reengaged Donors	172
New Donors	47
Total Donors:	620

Alumni	502
Friends	89
Other	20
Corporations/foundations/matching gifts	9
Total Donors:	620

Students	$ 2,052,243
Priority Needs	1,519,488
Programs	1,078,400
Educators (faculty)	272,900
Total:	$ 4,923,031

Fiscal Year 2016

Retained Donors	509
Reengaged Donors	153
New Donors	51
Total Donors:	713

Alumni	570
Friends	90
Other	28
Corporations/foundations/ matching gifts	25
Total Donors:	713

Students	$ 6,810,848.71
Priority Needs	1,629,247.15
Programs	488,467.72
Educators (faculty)	154,217.78
Total:	$ 9,082,781.36

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Student Enrollments by Major, Fall 2018

Anatomy and Cell Biology	
(Graduate—Master and Doctoral)	2
Biochemistry and Molecular Biology	
(Graduate—Master and Doctoral, includes Pathology)	3
Biomedical Sciences	
(Graduate—Master and Doctoral)	27
Clinical and Translational Science	
(Graduate—Master and Doctoral)	6
Total:	38
Medical Doctor	
Year 1—Class of 2022	78
Year 2—Class of 2021	79
Year 3—Class of 2020	81
Year 4—Class of 2019	67
Total:	305
Post-MD Degree	
(Training in family medicine, geriatric medicine, hospitalist, internal medicine, psychiatry, surgery, and transitional)	
Total	137

Health Sciences

Athletic Training	
Pre–Athletic Training	43
Bachelor of Science	31
Medical Laboratory Science	
Pre–Medical Laboratory Science	58
Certificate	100
Bachelor of Science	125
Master of Science	33
Occupational Therapy	
Pre–Occupational Therapy	83
Professional Year I (Undergraduate)	61
Professional Year II (Undergraduate)	63
Professional Year III (Graduate—Master)	59
Physical Therapy	
Pre–Physical Therapy	176
Doctoral	157
Physician Assistant	
(Graduate—Master)	63
Public Health	31
Total	1,083

The School's faculty also teach courses in biomedical sciences (anatomy, physiology, pharmacology, biochemistry, microbiology, immunology) that enroll over 1,000 undergraduate students each semester who will become physicians, therapists, nurses, nutritionists and dietitians, exercise scientists, public health professionals, teachers, and forensic scientists.

Now that the School's Healthcare Workforce Initiative (HWI) is fully implemented, 16 additional medical students, 30 health sciences students, and a variety of post-MD degree trainees are being educated through the UND SMHS each year, relative to 2012. And to house these dozens of new trainees (not to mention the requisite added faculty and staff), the new medical school and health sciences facility was completed on time and on budget in July 2016. In addition to expanding SMHS class sizes, the HWI utilizes a number of strategies to maximize success in increasing North Dakota's healthcare workforce:

- Acceptance of students to medical school weighted toward those from rural areas of North Dakota.
- Tuition forgiveness for those who commit to practice in a rural community in the state.
- Increased longitudinal experiences in rural communities.
- Increased geriatrics, population health, and public health focus.

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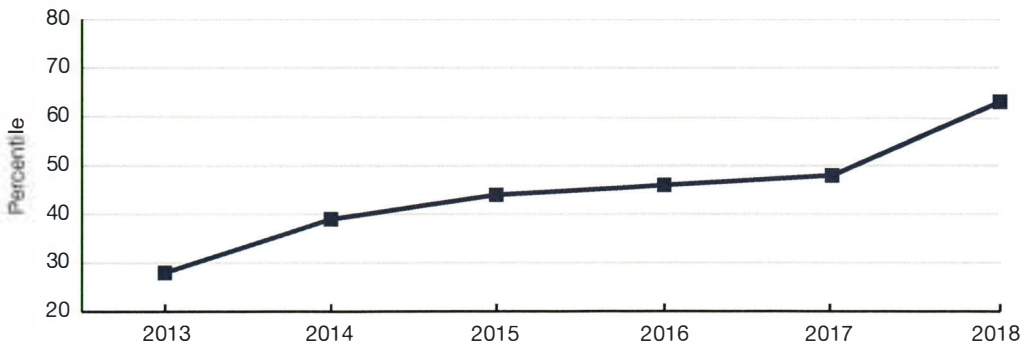
Our goal is for our students in the health sciences and medicine to meet or exceed the accepted standard on nationally recognized exams measuring academic progress.

Student Performance on Nationally Recognized Exams

Program	UND SMHS Pass Rate	National Pass Rate
Athletic Training	**100%**	84%
Medical Laboratory Science	**91%**	74%
Occupational Therapy	**100%**	98%
Physical Therapy	**96%**	92%
Physician Assistant	**100%**	97%
Medicine		
Step 1 UND	**92%**	96%
Step 2 Clinical Knowledge UND	**97%**	96%
Clinical Skills UND	**94%**	94%
Step 3 UND	**100%**	98%

Sources: Data are from the most recent examination in each respective area.

Retention of UND SMHS Medical Student Graduates for Practice In-State (compared with other medical schools)



Source: Missions Management Tool, 2018 AAMC

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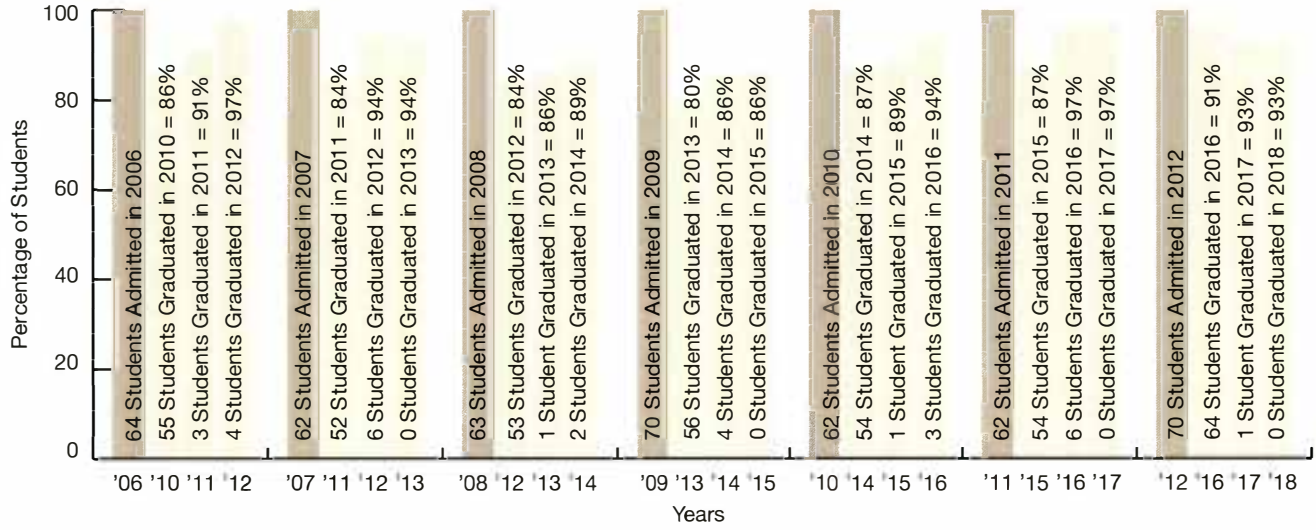
Completion rates* measure the percentage of students who enrolled in a professional degree program and completed their degree within the maximum allowable time, which varies based on the program. Green bars represent the number and percentage of a class graduating relative to the initial number of enrolled students (gray) in a given year.

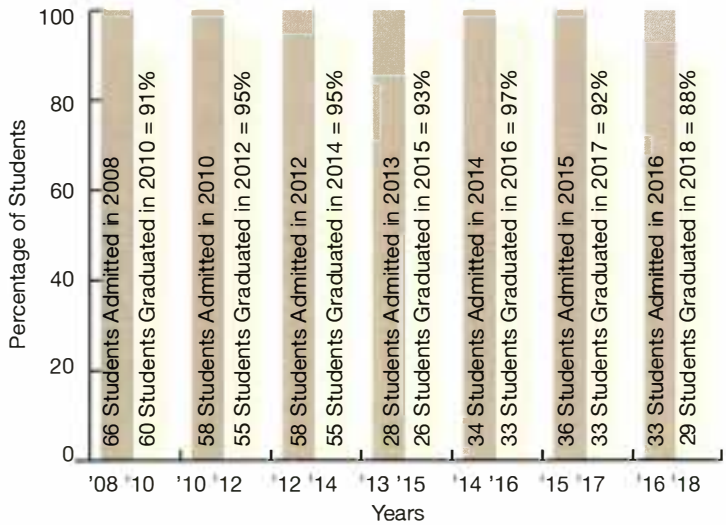
Doctor of Medicine (four-year program)

For Doctor of Medicine students at the School, the maximum time allowed to complete a four-year degree is six years. The national completion rate for medical students who graduate within seven years is 94 percent.



Master of Physician Assistant Studies (two-year program)

Beginning in 2006, the program accepted a new class every other year. It has returned to an annual admission structure effective with the class matriculating in 2013.



* Number Graduated/Number Admitted = Completion Rate

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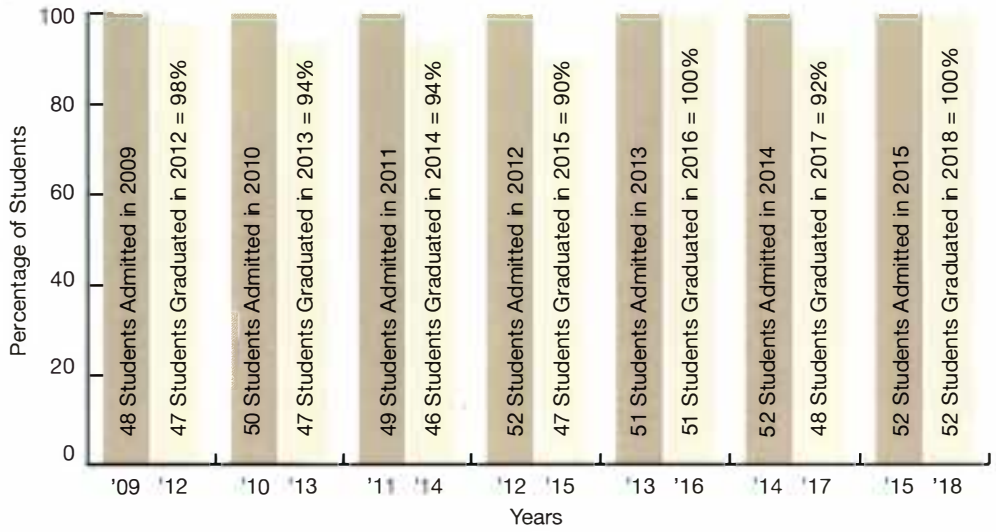
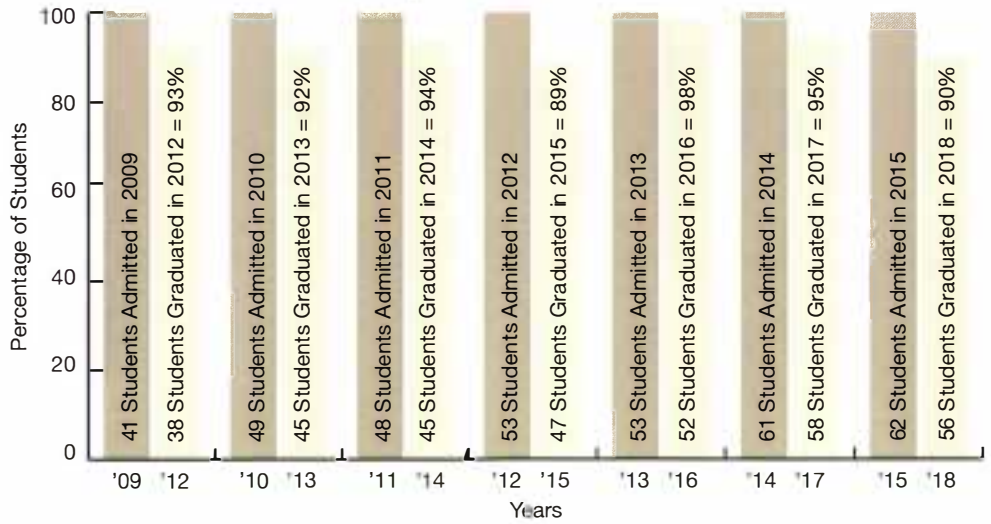
Our goal is to exceed the national benchmark for completion.

Doctor of Physical Therapy (three-year program)



Master of Occupational Therapy (three-year program)



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From Bismarck, S. Nabeel Hyder, MD, shows off his Match Day letter, which describes his Internal Medicine residency match with University of Michigan Hospitals in Ann Arbor.

Residency Training

After graduating from medical school, physicians must complete residency training, a period of advanced intensive training in a chosen medical specialty before independent practice as a physician. Depending on the medical specialty, medical school graduates complete anywhere from three to seven years of residency training after medical school.

Residency training throughout North Dakota is provided in eight specialties:

- Family Medicine (Bismarck, Fargo, Grand Forks, Minot, Williston)*
- Geriatrics (Bismarck, Fargo)
- Hospitalist (Bismarck)
- Internal Medicine (Fargo)
- Orthopedic Surgery
- Psychiatry (Fargo)
- Surgery (Fargo, Grand Forks)
- Transitional** (Fargo)

Some of these residency programs have training specific to rural care. They are:

- Altru Health System Family Medicine Program in Grand Forks
- UND Family Medicine in Bismarck (Fort Yates), Hettinger, Minot (Garrison), and Williston
- UND Psychiatry Program (Telemedicine)
- UND Surgery Rural Track (Minot, Jamestown, Williston)

* The Family Medicine Program in Grand Forks is sponsored by Altru Health System. The Fargo Family Medicine residency program will offer rural rotations in Wahpeton, Jamestown, Hillsboro, Perham and Detroit Lakes, starting the 2018-2019 academic year.

** Transitional residency is a yearlong program designed to introduce graduates to a wide range of medical and surgical specialties. The goal is to build a broad foundation of clinical skills as a base for future training in a medical subspecialty.

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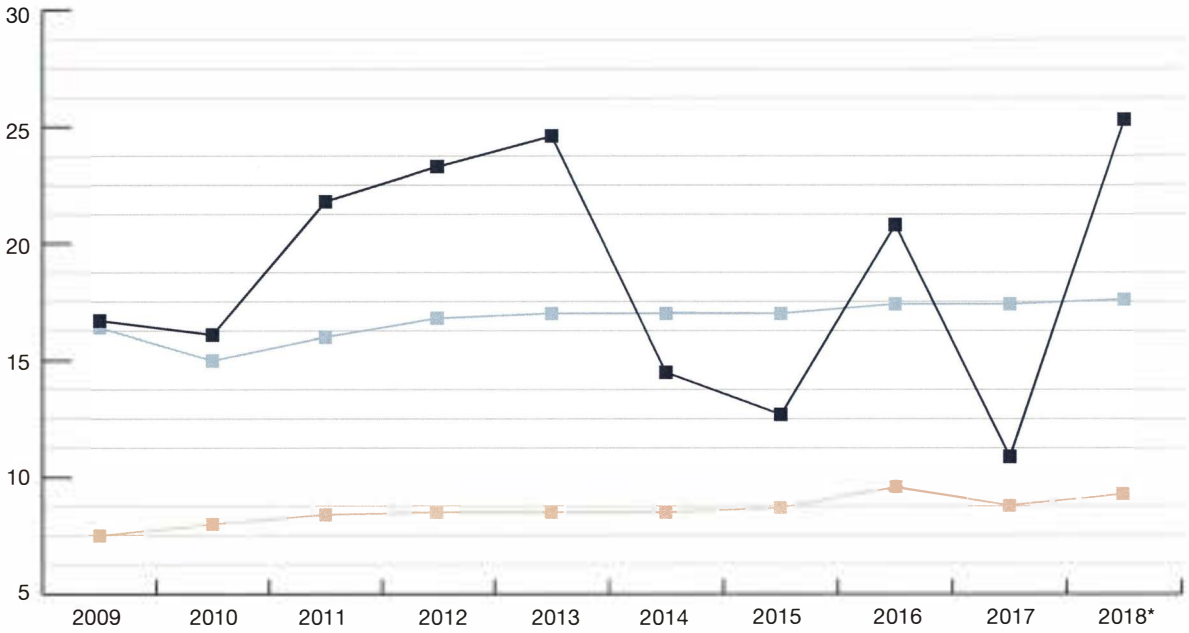
Our goal is to exceed the national average of students specializing in family medicine by 100 percent.

A study recently completed by the American Academy of Family Physicians (AAFP) noted that the University of North Dakota School of Medicine and Health Sciences was again among the top three contributors to building the nation's family physician workforce. This is the 36th national study conducted by the AAFP that reports retrospectively the percentage of graduates from U.S. Liaison Committee on Medical Education (LCME)-accredited; American Osteopathic Association (AOA)-accredited; and international medical schools who enter Accreditation Council for Graduate Medical Education (ACGME)-accredited family medicine residency programs as first-year residents.

Graduates Entering a Family Medicine Residency 2009–2018



Average 2009–2018

- UND SMHS 18.7%
- NATIONAL 8.6%
- UND SMHS Goal (double the national avg.)

Sources:
Medical Education Division
American Academy of Family Physicians, Leawood, Kan.
Family Medicine, STFM Journal
Department of Family & Community Medicine,
University of North Dakota School of Medicine 6/18

*U.S. seniors successfully matching in the National Resident Matching Program

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In the fall semester of their final year of school, medical students apply to programs through which they hope to complete a residency—the period of advanced training in a medical specialty that students complete before engaging in independent practice as a physician. Residency interviews are conducted anywhere between October and January of that academic year for standard residencies.

In their last semester, medical school seniors across the country find out where they will complete their residencies on "Match Day," a celebration of residency placements coordinated by the National Resident Matching Program (NRMP). The NRMP is a private, not-for-profit corporation founded in 1952 at the request of medical students to standardize the residency selection process and establish a uniform date of appointment to positions in graduate medical education training programs.

The NRMP's 2018 Main Residency Match was the largest in history, exceeding the more than 43,000 applicants who registered for the 2017 Match and the more than 31,000 positions offered last year. Results of the Main Residency Match are closely watched because they can predict future changes in the physician workforce.

This year, 68 UND School of Medicine and Health Sciences MD students successfully matched with residency programs. Thirty-nine of this group (58.2 percent) matched in the primary care fields of family medicine, internal medicine, pediatrics, and obstetrics & gynecology.



Members of the MD Class of 2018 who spent their clinic-based fourth year in Fargo, N.D., show off their residency match letters in March 2018 with SMHS Southeast Campus Associate Dean Cornelius "Mac" Dyke, MD (background-left).

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More than 700 practicing physicians now serving North Dakota communities received their education at UND.

Percentages of Physicians Practicing in North Dakota Who Graduated from the UND School of Medicine and Health Sciences or Completed an In-State Residency

All Specialties	44%
Family Medicine	72%
Internal Medicine	50%
Obstetrics and Gynecology	63%
Pediatrics	42%
Psychiatry	46%

Source: Medical Marketing Service. (2017). *AMA Master File*, 2017. [Data file]. Wood Dale, Ill. Medical Marketing Service.

Percentages of Other Healthcare Providers Practicing in North Dakota Who Are Graduates of the UND School of Medicine and Health Sciences

Athletic Trainers	28%
Occupational Therapists	52%
Medical Laboratory Scientists	40%
Physician Assistants	39%
Physical Therapists	53%

Data were collected from North Dakota state licensing boards and academic departments.

School of Medicine and Health Sciences Alumni

Medical Laboratory Scientists	2,324
Athletic Trainers	260
Physicians	2,168
Physical Therapists	1,864
Occupational Therapists	1,949
Physician Assistants	1,841
Public Health Professionals	42

UND SMHS Medical Doctor Program Outcomes

Metric	Percentile Rank
Graduates entering primary care (2003-2007)	75th
Graduates practicing in rural areas (2003—2007)	98th
Graduates practicing in family medicine (2014—2016)	89th
Fraction of class identifying as American Indian	100th

Source: Missions Management Tool, 2018 AAMC

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Growing Our Own: Innovative Programs to Produce Healthcare Providers for North Dakota

The School has implemented the Healthcare Workforce Initiative (HWI) and has constructed a new $124 million home. The HWI is a four-pronged plan to help address North Dakota's healthcare workforce needs now and in the future by reducing disease burden, retaining more of our graduates for practice in North Dakota, training more practitioners, and improving the efficiency of our healthcare delivery system.

RuralMed

RuralMed is a tuition waiver program (or scholarship) designed to encourage medical students to select careers in family medicine and other shortage specialties and increase the number of providers for rural North Dakota. Students accepted for the RuralMed Program have the entire cost of tuition waived in return for their practicing in North Dakota. Students will not have to borrow money for tuition and accrue interest for medical education. Currently, 23 students are accepted or enrolled in the program, and all are destined for rural practice in North Dakota.

INMED

The Indians into Medicine Program (INMED), which was established in 1973, is a comprehensive program designed to assist American Indian students who aspire to be health professionals to meet the needs of our Indian communities and to serve reservation populations. INMED has assisted approximately 20 percent of U.S. American Indian physicians with their education.

ROME

Rural Opportunities in Medical Education (ROME) is a 24–28 week interdisciplinary experience in a rural primary care setting that is open to third-year students at the UND School of Medicine and Health Sciences. Students live and train in nonmetropolitan communities under the supervision of physician preceptors. ROME students experience healthcare delivery in rural areas throughout the state of North Dakota, where providing access to healthcare is sometimes challenging. Students learn about problems commonly encountered in primary care, from routine health maintenance to medical emergencies and rare and unusual diagnoses. Each primary preceptor is board-certified in family medicine, but students also work with board-certified surgeons, internists, pediatricians, and other specialists available in the community.

Interprofessional Healthcare Course (IPHC)

The course includes nine allied health professions on campus and is run on a collaborative model that doesn't assign a higher value to any one profession or specialty over any other. More than 3,900 students have completed the course.

The IPHC is modeled on the School's acclaimed patient-centered learning small-group curriculum. The focus of the course is to learn about the role of other healthcare professionals and how to interact as a healthcare team. Eight disciplines are involved in the course: medicine, nursing, occupational therapy, physical therapy, communication sciences and disorders, social work, counseling psychology, and nutrition and dietetics.

The goal of IPHC education is collaborative practice. Students learn every person on a team is a patient advocate, which significantly reduces errors in the healthcare system and leads to improved cost efficiency, an appropriately important issue for the twenty-first century.

Minot Integrated Longitudinal Experience (MILE)

A clerkship is a course of clinical training that third-year medical students undertake in specialty areas. In the summer of 2012 in Minot, the first cohort of medical students undertook an integrated, longitudinal experience.

Students work with preceptors in each of the specialties. For example, a student might balance the work week with time in the primary care preceptor's office, time in surgery, an obstetrics & gynecology shift, and emergency room time. An important feature of the new MILE is that students develop a panel of patients whom they follow throughout the year, accompanying them to consultant visits and procedures, and following them through hospitalizations.

R-COOL-Health Scrubs Camps

Rural Collaborative Opportunities for Occupational Learning in Health (R-COOL-Health) Scrubs Camps are one-day learning experiences where students are able to explore healthcare careers from their local healthcare providers through hands-on, interactive activities. Since the program's start in 2010, 6,003 students, 2,463 volunteers, and 430 communities have participated in 79 Scrubs Camps across the state. Students who have participated in Scrubs Camps have learned about various healthcare careers and participated in interactive activities, including dissecting pig hearts, typing blood samples, and participating in mock emergency scenarios.

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R-COOL-Health Scrubs Academy

Eighty North Dakota junior high students participated in the eighth annual Scrubs Academy, held at the University of North Dakota campus in June. Since the Academy's start in 2011, 437 students have attended (312 from rural communities) from 205 communities. Students participated in a dissection, explored the inside of a 32-foot inflatable colon, and learned more about anatomy, medical laboratory science, emergency medical services, mental health, occupational therapy, physical therapy, public health, nutrition, music therapy, physician assistant studies, radiology, and other health careers. As part of the academy, students received Friends and Family CPR training and became certified in the Health Insurance Portability and Accountability Act (HIPAA). Most health facilities in North Dakota require that students be HIPAA-certified before allowing them to job shadow. Students also were given the opportunity to explore and learn more about the School of Medicine and Health Sciences, the UND campus, and the Grand Forks community.

North Dakota Area Health Education Center

Since 2009, the North Dakota Area Health Education Center has utilized federal, state, and private funding to support learning opportunities for 18,413 participants reaching all 53 North Dakota counties. Of that total, 12,689 students have participated in health career awareness events and activities, and 108 students enrolled in health profession programs have completed rural clinical rotation experiences.

Summer Undergraduate Research

For 10 weeks each summer, more than two-dozen undergraduate students from UND, as well as from rural and tribal colleges in Minnesota, North Dakota, and across the nation, conduct research and participate in a number of related educational activities at the UND School of Medicine and Health Sciences. Students work shoulder-to-shoulder with their mentor scientists from the UND Department of Biology, SMHS scientists and clinicians, Cankdeska Cikana Community College, and the Center for Rural Health. The research experience culminates in a Summer Undergraduate Research Experience poster session in Grand Forks. One of the goals of the summer research program is to provide students with the opportunity to work directly with an established research scientist. An additional goal is to recruit students from rural and tribal colleges for future enrollment in UND undergraduate and graduate programs. The program is designed to bolster the workforce pipeline of biological research scientists and healthcare professionals. Over the course of the summer, students receive specialized laboratory training. In weekly professional development sessions, undergraduates learn about a variety of research areas, how to conduct research responsibly, the particulars of scientific writing, and the basics of the graduate and medical school application processes. Funding for the students comes from a variety of organizations, including the National Science Foundation, the National Institutes of Health, and UND.

Faculty and undergraduate students at the School's Summer Undergraduate Research Experience in August 2018.



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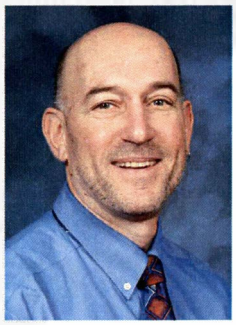
For fiscal year 2018 (July 1, 2017–June 30, 2018), total research funding was $25,366,758. Of the 28 community-based medical schools in the United States, the SMHS is ranked in the top quarter of schools in external funding for sponsored projects. The School's goal is to be in the top four.

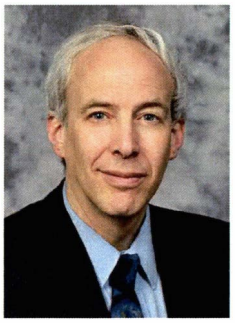
Through our research efforts in the realm of Clinical & Translational Research (CTR), the School of Medicine and Health Sciences aims to take research from "lab bench to bedside." Highlights from 2018 in this regard include:



In January, the National Institutes of Health (NIH) awarded Jyotika Sharma, PhD, associate professor in the Department of Biomedical Sciences, a major grant known as an R21. The two-year grant, worth nearly $400,000, is the fifth such award Sharma has won from the NIH since 2011. According to Sharma, the long-term goal of her project, titled "Efferocytosis and neutrophil homeostasis in pneumonic sepsis," is to understand the molecular processes that regulate inflammation associated with sepsis—a systemic, life-threatening condition where the immune system's response to infection or injury damages a body's own organs. In addition to this grant, Sharma's research is currently supported by an R01, another R21, and a local grant totaling nearly $2.3 million. She is also a principal investigator (PI) of a multi-PI Center of Biomedical Research Excellence (CoBRE) grant worth more than $10 million awarded by the NIH in May 2016 to study host-pathogen interaction for finding new strategies to treat infectious diseases.



In June, Jonathan Geiger, PhD, Chester Fritz Distinguished Professor in the Department of Biomedical Sciences, was informed that he is on a multi-university team that was awarded a four-year R01 grant from the NIH totaling more than $2.25 million. The grant, titled "Ketogenic Diet and Adenosine: Epigenetics and Antiepileptogenesis," marks the first time that a faculty member at UND has been the recipient of three simultaneously held R01 grants from the NIH as a principal investigator. NIH R01 grants are considered one of the most prestigious grants for which individuals can apply, and funding for these grants is extremely competitive. The team's hypothesis is that epigenetic changes in DNA methylation (a process by which methyl groups—portions of molecules containing one carbon atom bonded to three hydrogen atoms—are added to DNA) mobilized by a high fat, low carbohydrate diet known as a ketogenic diet provide a therapeutic target for disease prevention and treatment. The project's approach is unique in that it initiates disease-modifying treatment after disease onset and their approach stresses the rigor and reproducibility of findings across models of epilepsy and between laboratories. The project also is unique in so far as it includes a strategy that aims to restore homeostasis—and thus offer hope for a cure.



In August, Senior Associate Dean for Medicine and Research Marc D. Basson, MD, PhD, MBA, was awarded a $20.3-million, five-year grant from the NIH. Because cancer is the leading cause of death for people ages 35-64 in the Dakotas, Basson's grant will be used to work with researchers and medical providers in the Dakotas, including North Dakota State University, the University of South Dakota, Sanford Health, and other hospital systems throughout the region, to better understand cancer and its causes, and to develop effective treatments for the disease. Led by the UND School of Medicine and Health Sciences, the Dakota Cancer Collaborative on Translational Activity (DaCCoTA) will build bridges and train scientists and clinicians throughout the region to apply our basic science knowledge about cancer to achieve real clinical impact, paving the way to develop unique ways to combat cancer in the Dakotas.

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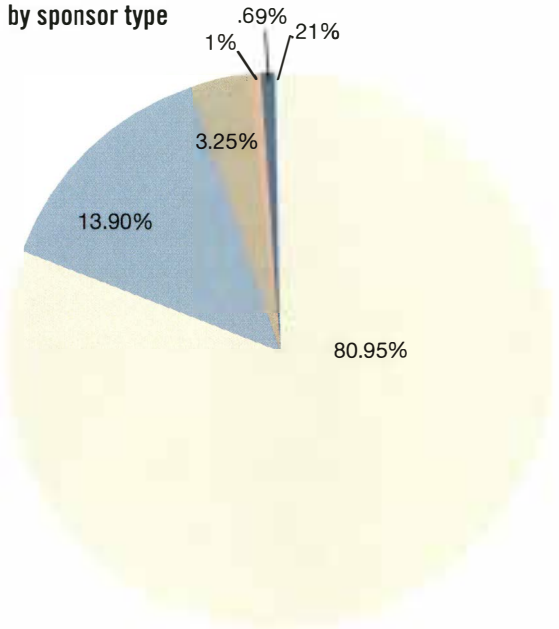
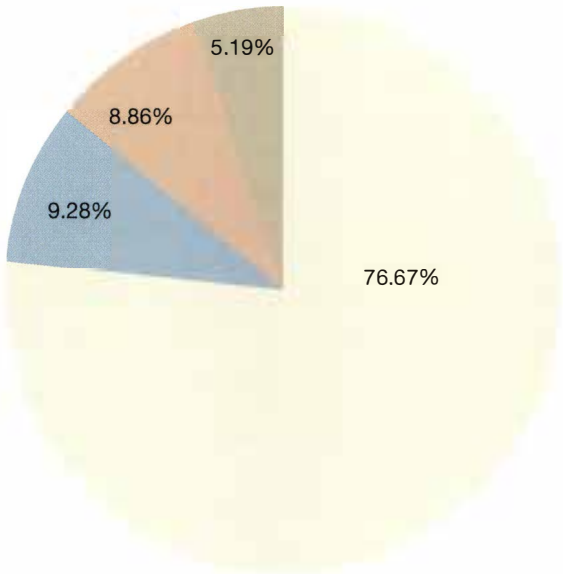
FY 2018 Sponsored project awards by sponsor type



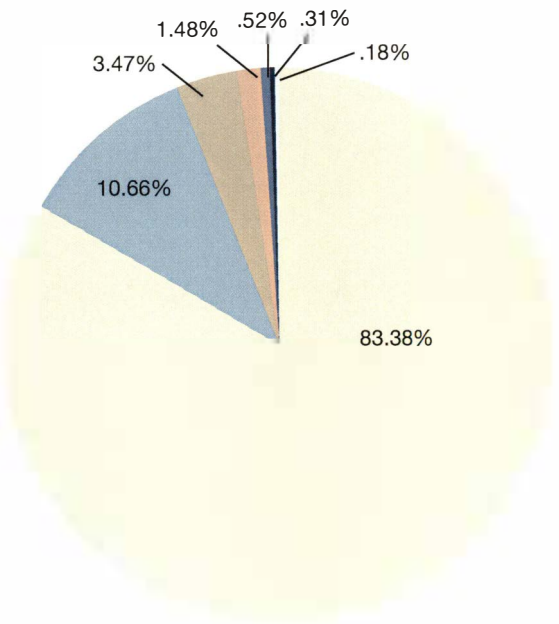
Total number of proposals	147
Total number of awards	102
Total funding	$25,366,758

FY 2017 Sponsored project awards by sponsor type



Total number of proposals	127
Total number of awards	93
Total funding	$20,412,330

FY 2016 Sponsored project awards by sponsor type



Total number of proposals	183
Total number of awards	123
Total funding	$27,759,188

Federal
State
Private (Other)
Foundation
Voluntary Health (Health-oriented non-profits)
International
Private (Industry)

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The Center for Rural Health (CRH) at the School of Medicine and Health Sciences serves North Dakota, the region, and the nation. It focuses the majority of its resources on the state's 53 counties and generally works with 100 or more communities each year. The CRH provides technical assistance to all 38 rural North Dakota hospitals, 36 of which are critical access hospitals. CRH works closely with other groups too, such as public health, emergency medical services (EMS), and tribal health. Assistance is directed at improving access to quality health care services, the viability of rural health systems, and community engagement. CRH administers a variety of funding sources used to support and assist rural communities in North Dakota totaling:

- $7,701,999 for FY 2017
- $7,629,587 for FY 2018

FY 2018

- **Federal Grants:** $5,508,512 The CRH supports and serves three national programs that focus on indigenous populations: the National Indigenous Elder Justice Initiative (NIEJI), NIEJI Innovation, and the National Resource Center on Native American Aging (NRCNAA). These programs focus on improving health outcomes and wellbeing of American Indian, Alaska Native, and Native Hawaiian elders. CRH Native programs have a predominantly indigenous staff with expertise in geriatrics, elder abuse, mental health, suicide prevention, health disparities, community-based participatory research, tribal participatory research, resiliency, and wellness. The CRH works with nearly half of the 560 federally recognized tribes.
- Two other nationally sponsored projects, the Rural Health Information Hub (RHIhub) and the Rural Health Research Gateway provide resources, information, and dissemination of information regarding the latest rural health research and programs.
- The CRH receives federal funding for other programs that support healthcare, such as the Rural Hospital Flexibility (FLEX) Program, Small Hospital Improvement Program (SHIP), and the State Office of Rural Health (SORH). This funding helps rural hospitals improve quality, finance, and operation, integrate Emergency Medical Service and innovative healthcare models, and engage communities.
- **State Grants:** $476,747 The CRH has sponsored contracts with the state of North Dakota for the Traumatic Brain Injury (TBI) Network and behavioral health and opioid work, including the Justice Reinvestment Initiative.
- **Other Grants:** $1,644,328 The CRH administers and supports other sponsored contracts that serve and enhance rural health in the state and regionally. Initiatives include Truserve, the Dakota Conference on Rural and Public Health, the Blue Cross Blue Shield Caring Foundation grant, the Oral Health program, the Native Aging in Place Program (NAPP), the North Dakota Palliative Care Task Force, and the Evaluation of Cardiac System of Care, which involves seven states.



Federal Grants	$5,508,512
State Grants	476,747
Other Grants	1,644,328
Total:	$7,629,587

Federal State Other

FY 2017

Federal Grants	$6,266,599
State Grants	299,747
Other Grants	1,135,653
Total:	$7,701,999

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Second-year UND medical student Vanessa Miller and her pharmacy colleagues from NDSU work through a simulated patient case at the UND School of Medicine and Health Sciences in April 2018.

In April, more than 70 UND medical students and more than 60 NDSU doctor of pharmacy students trained together at the Simulation Center in the UND School of Medicine and Health Sciences.

As part of the State Legislature's Healthcare Workforce Initiative (HWI), both universities' health programs have been asked not only to expand the number of health professions graduates working in the state, but to cultivate these professionals' collaborative and interdisciplinary skills. The event was the first time the universities have conducted this type of simulation training jointly, with medical students and doctor of pharmacy students side-by-side.

The SMHS Simulation Center—the largest and most active facility of its kind in North Dakota—is a hands-on, state-of-the-art simulation training facility for interprofessional health care providers that uses interactive simulation in teaching, education, and research. The space offers a clinical setting where health professionals can actively apply their knowledge in simulation, observation, and debriefing of real-life patient scenarios, with the goal of improving patient safety and care. In high-fidelity patient simulations, computerized manikins are used to simulate situations such as cardiac arrest, stroke, or drug overdose, among other scenarios.

"The significance of interprofessional education, for both medical and pharmacy curricula, to prepare future health care professionals cannot be overstated," said Marketa Marvanova, PharmD, PhD, chair of Pharmacy Practice in the NDSU School of Pharmacy.

Marvanova and Simulation Center Director Jon Allen, MD, FACP, served as coordinators of the joint training. Both agreed on the importance of getting medical students and PharmD students to collaborate on patient care.

"Since working on opioid abuse together last year, Dr. Marvanova and I have had a great working relationship and looked forward to this collaboration between our schools," Dr. Allen added. "It's vital to the education of health care professionals, not only regarding opioids, but also regarding the teamwork experience that will be part of these students' entire careers."

The simulation environment allowed second-year medical students and third-year pharmacy students to gain experience in seeing how each profession plays a role in providing patient care as part of a highly effective, integrated health care team.

A member of the American Medical Association's Accelerating Change in Medical Education Consortium, the center conducted three interprofessional scenarios using telemedicine with 274 students from five different disciplines in 2018. AMA awarded the SMHS a grant to teach other schools to how to design similar scenarios. The next joint UND/NDSU telemedicine simulations are being scheduled.

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Faculty & Staff Turnover

The faculty turnover rate (faculty who left their jobs) at the UND SMHS for FY 2018 was 13.4 percent. The turnover rate for all North Dakota University System (NDUS) faculty for that same year was 13.3 percent.

Likewise, the staff turnover rate at the UND SMHS for FY 2018 was 14.3 percent while the rate for all NDUS staff was 12.2 percent.

Benefited* Faculty and Staff for Fiscal Year 2018

Total Benefited
Faculty – 179
- Full-time – 168
- Part-time – 11

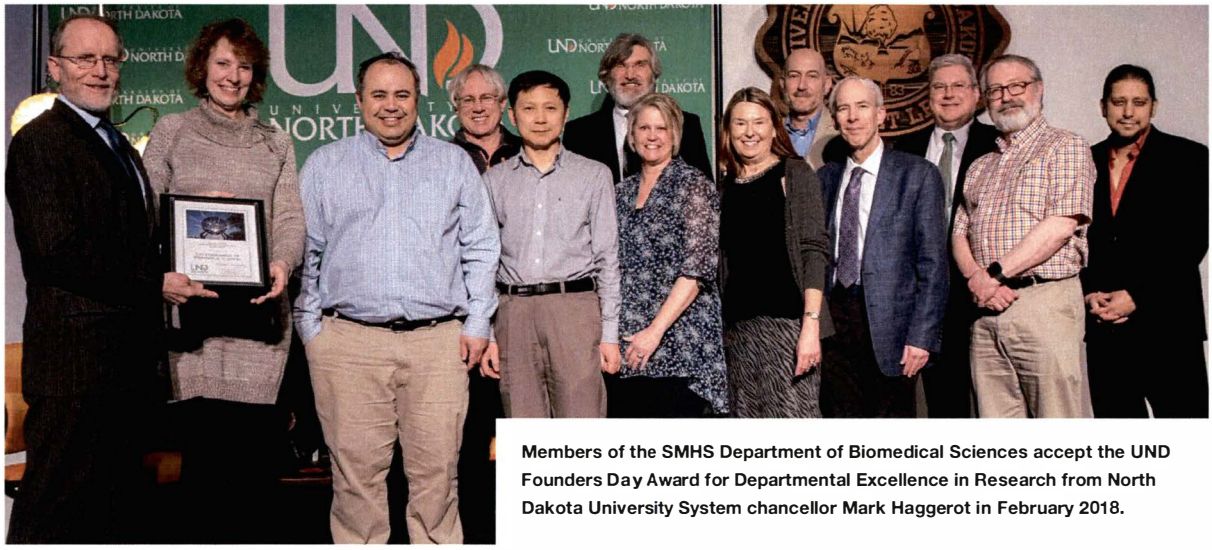
Total Benefited
Staff – 252
- Full-time – 236
- Part-time – 16

Benefited* Faculty and Staff for Fiscal Year 2017

Total Benefited
Faculty – 183
- Full-time – 169
- Part-time – 14

Total Benefited
Staff – 265
- Full-time – 248
- Part-time – 17

* Benefited appointment is 20 hours/week or more.



Members of the SMHS Department of Biomedical Sciences accept the UND Founders Day Award for Departmental Excellence in Research from North Dakota University System chancellor Mark Haggerot in February 2018.

THANK YOU TO THE FOLLOWING UND SMHS STAFF FOR YOUR SERVICE AND DEDICATION:

The University of North Dakota's annual Staff Recognition Ceremony was held on Tuesday, May 8, 2018, in the UND Memorial Union Ballroom. As usual, the SMHS is home to many of the honorees recognized at the luncheon for their service to the University, including the following staffers:

Forty Year-Honorees

Catherine Perry, Medical Laboratory Science
Sandra Krom, Pediatrics

Thirty-Five Year-Honorees

Kathleen Kraft, Pediatrics
Jean Altepeter, Admin. & Finance

Thirty Year-Honorees

Tonya Murphy, Surgery
Julie Arnold, Center for Rural Health
Susan Carlson, Admin. & Finance
Allison Ranisate, Library Health Sciences

Twenty-Five Year-Honorees

Edith Green, Biomedical Sciences
Sharlene Rakoczy, Biomedical Sciences
Geralyn Lunski, Surgery
Kathleen Hiller, Minot CFM
Stephen Reller, Admin. & Finance

Twenty Year-Honorees

Gregory Krause, Cyclotron & Positron Operation
Melissa Gardner, Family & Community Medicine
Nicole Klemisch, Bismarck CFM
Donita Roland, Bismarck CFM
Christine Wiese, Bismarck CFM
Kim Dickman, Center for Rural Health

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Originally conceived by SMHS Dean Joshua Wynne and his spouse Dr. Susan Farkas eight years ago, "Joggin' With Josh" has been working to raise awareness among faculty, staff, and students, as well as the Grand Forks community, about healthful lifestyle choices, focusing on how exercise can reduce one's likelihood of developing disease. On September 6, 2018, the 5K or 10K run, walk, or jog was completed on a course around the neighborhood of the School.

Fifteen Year-Honorees

Bonnie Kee, Biomedical Sciences
Jennifer Wahl, Minot CFM
Yvette LaPierre, Student Affairs & Admissions
Lynette Dickson, Center for Rural Health
Jennifer Lang, Center for Rural Health
Wendy Warner, Center for Rural Health
Renee Sluke, Internal Medicine
Jodee Nielsen, NW Campus - Minot
John Lee, Information Resources
Dannette Stramer, Information Resources

Ten Year-Honorees

Betty Jo Tostenson, Psychiatry and Behavioral Science
Marlys Peterson, Surgery
Tiffany Jensen, Minot CFM
Marla Sasse, Minot CFM
Rebecca Quinn, Center for Rural Health
Jody Ward, Center for Rural Health
Carla Mosser, Internal Medicine
Laura Cory, Information Resources
Bonnie Hillerud, Library Health Sciences

Five Year-Honorees

Bernadette Meberg, Biomedical Sciences
Danielle Perley, Biomedical Sciences
David Rzucidlo, Occupational Therapy
Kayla Langer, Bismarck CFM
Greta Loritz, Bismarck CFM
Michelle Senger, Minot CFM
Naomi Bender, Center for Rural Health
Julie Reiten, Center for Rural Health
Whitney Borreson, Admin. & Finance
Debra West, SW Campus – Bismarck
Kelly Ann Thormodson, Library Health Sciences
James Hamilton, Simulation Center
Timothy Shea, Simulation Center

Att 4
HB 1003
1/15/2019

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FOR YOUR HEALTH

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To subscribe to For Your Health or North Dakota Medicine, please contact Kristen Peterson, kristen.peterson@med.UND.edu or 701.777.4305.

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If you would like further details about the information in this Community Report or the programs, departments, or research at the School, please contact Brian Schill, assistant director, Office of Alumni and Community Relations, UND School of Medicine and Health Sciences, 701.777.4305, brian.schill@med.UND.edu

Vital Signs 2018 represents the good-faith effort of the UND School of Medicine and Health Sciences to provide current and accurate information about the School. Numerous sources were used in gathering the information found in this community report. We welcome corrections, which we will incorporate in subsequent issues of *Vital Signs*.

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AH 5 HB 1003 1/15/19

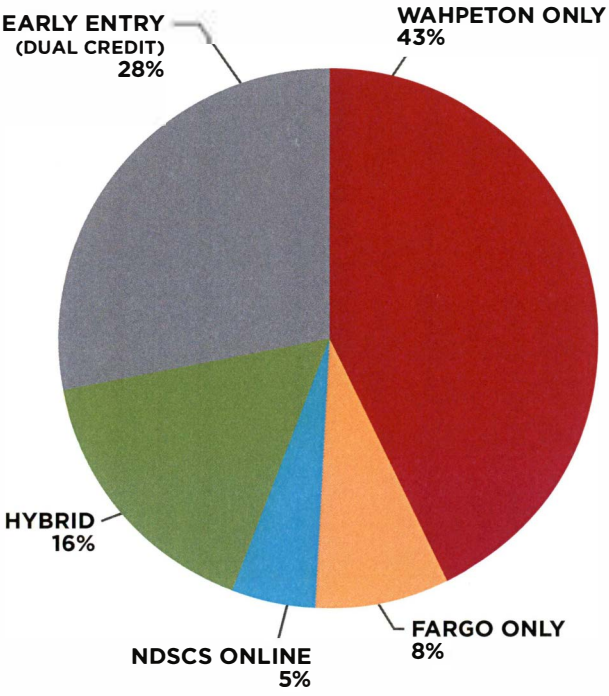
2017-2018 Enrollment Data

EDUCATE AND TRAIN THE WORKFORCE BY THE NUMBERS

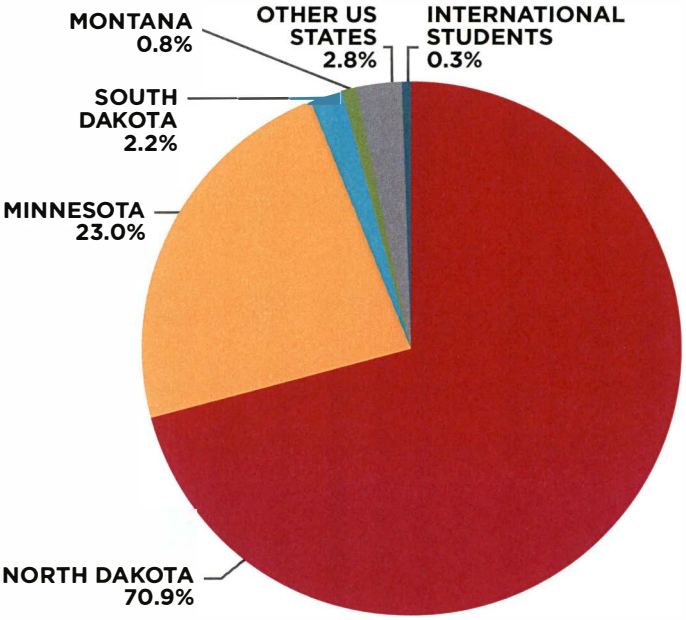
Credit Seeking Students	2,957
TrainND Southeast Participants	708
ApprenticeshipND Participants	428
SkillsND Participants (New Americans)	38

TOTAL 4,131

CREDIT SEEKING STUDENTS BY DELIVERY TYPE



CREDIT SEEKING STUDENTS BY ORIGIN



2018 Quick Facts

AHS
HB 1003
1/15/2019

32
Academic Programs with 86 Career Pathways

70.9%
of Students are from North Dakota

46 of 53
North Dakota Counties Represented

72%
Student Retention Rate
National Average (IPEDS) 58%

46.4%
of Wahpeton Students Live On-campus

9
On-campus Housing Options

5
NJCAA Teams
Football, Volleyball, Softball, Men's and Women's Basketball

3
Performing Arts
Choir, Band and Theater

Second Oldest Two-Year College in the Country

Academic Program Offerings

- Agriculture and Business
- Allied Health
- Building Systems
- Construction and Design
- Liberal Arts Transfer
- Manufacturing
- Transportation



Economic Need

13,373
Statewide Job Openings

"ND losing thousands... with unfilled jobs"

- Fargo Forum
May 27, 2018

2018 NDSCS Placement Data

99% Placement Rate

295
2018 Graduates that Accepted Employment in North Dakota

33
Counties in North Dakota that 2018 Graduates Accepted Employment

8,882
Jobs Posted with Career Services

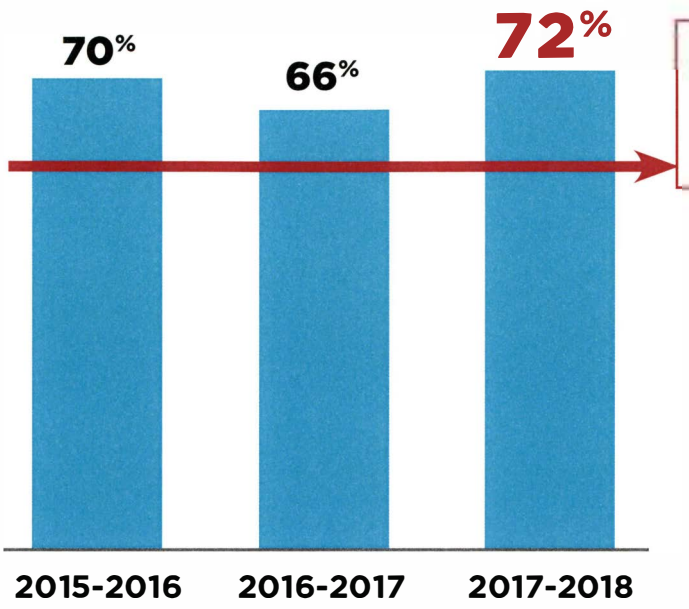
100%
Placement Reported by 24 of 29 NDSCS Program Areas

$3,406
Beginning Average Monthly Salary

$4,745
Reported High Monthly Salary

Outcomes

IPEDS RETENTION RATE*



*NDSCS IPEDS Retention Rate first time, full-time to the institute (not transfer)

58%
National IPEDS FT/FT Retention Rate
(Fall 2016 Cohort)

97%
Current Cohort Retention Rate

80%
of Students have Graduated or Successfully Transferred to Another Institution
(First-time at institution, all students starting Fall 2011 – SAM)

90% to 100%
Student Pass Rate
(National Exams Licensures and Certifications)

Valued

$17 Million
NDSCS Foundation Endowment



$6.7 Million
Entrusted Equipment



Business and Industry Partnerships

Butler CAT

SANFORD HEALTH

EMS Education

CASE IH AGRICULTURE

JOHN DEERE

KOMATSU®

JOHN DEERE

FANUC Robotics

PPG

RDO EQUIPMENT CO.

RDO INTEGRATED CONTROLS

CERTIFIED EDUCATION ROBOT TRAINING

HAAS

SITECH

NORTH DAKOTA SOCIETY OF PROFESSIONAL LAND SURVEYORS 1979

LINCOLN ELECTRIC

EMERSON Process Management

Snap-on Industrial

BUTLER A BlueScope Steel Company

TRANE

Bell Bank Member FDIC

RSES®

CHI St. Francis Health

BRANDT Holdings

Nodak Mutual Insurance Company

Partnering For Success



DEFINITION

NDSCS partnerships are when two, or more, entities share or exchange resources in way(s) that benefit all parties involved, especially when focused on student success.

195+
Current NDSCS Partnerships

TrainND Southeast

Annual Report 2017-2018 Fiscal Year

trainND SOUTHEAST

172 Businesses Served

41% Repeat Business

169 Training Events

99% Satisfaction Level

708 Participants (unduplicated)

1,162 Registrations (duplicated)

16,919 Total Training Hours

$365,084 Revenue Generated in 2017-2018

$383,940 State Grant in 2017-2018

ApprenticeshipND

Annual Report 2017-2018 Fiscal Year

Program	Unduplicated Registrations	Duplicated Registrations	Contact Hours
Electrical	249	398	35,606
Other/Technical	116	190	11,781
Pharmacy Tech	63	220	8,800
TOTALS	**428**	**808**	**56,187**

GENERAL EQUIPMENT & SUPPLIES

APPRENTICESHIP PROGRAMS

- Aggregate Service Technician Certification
- Heavy Equipment Parts Person Certification

TUITION 100% PAID

SkillsND Training for New Americans

Annual Report 2017-2018 Fiscal Year

42% Wage Increase

30% Math Proficiency Increase

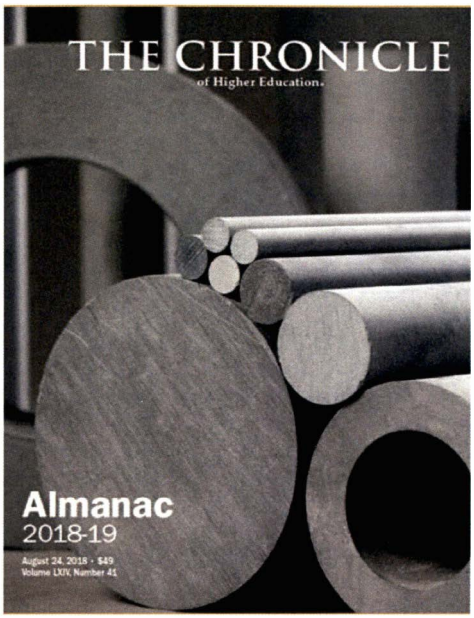
55% English Proficiency Increase

38 Participants (with 54 dependents) all saw an Increase in Wages

87% of Participants were Employed

National Recognition

NDSCS is performing within the top 2% of two-year colleges in the United States.



Nationwide: 15th Best Graduation Rate

THE ASPEN INSTITUTE
COLLEGE EXCEPTIONAL PROGRAM

Selected from more than 1,000 two-year colleges to share our Workforce Development Strategies

Forbes

Ranked "14th Best Technical School"

Successes

EXPANDED PARTNERSHIPS

- Business & Industry
- K-12





CAREER WORKFORCE ACADEMY

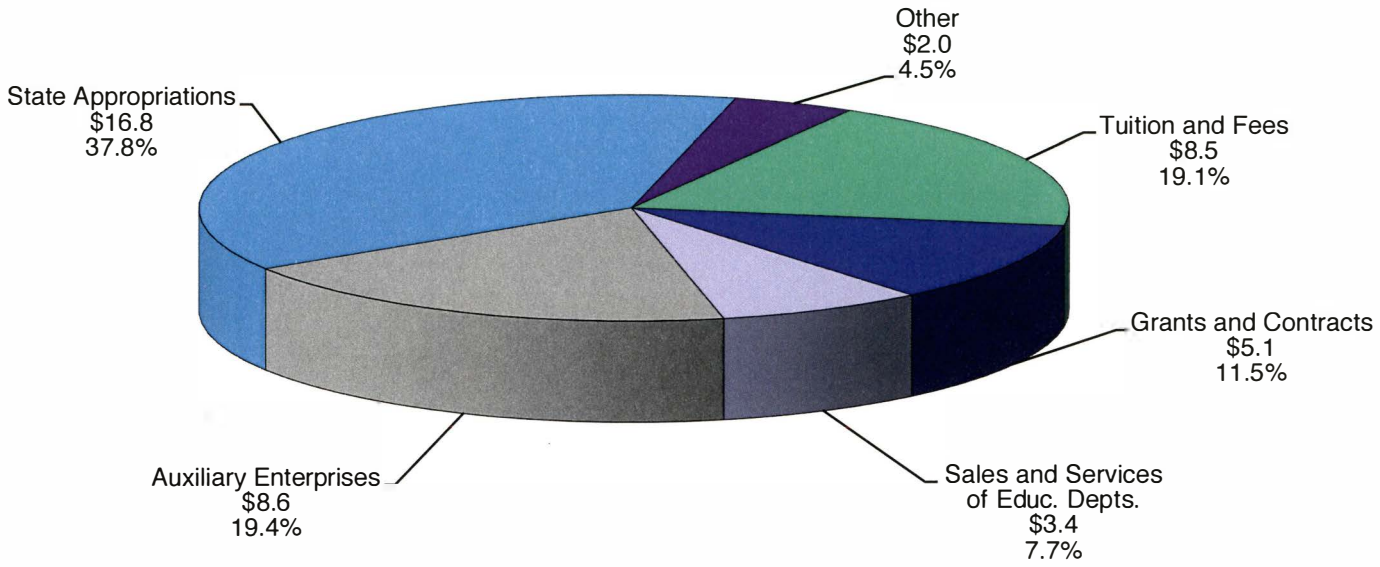
ENHANCING OUR EFFECTIVENESS

- Lean Methodology

FY18 Total Revenue Overview

(Excluding Capital – in millions)

Total Revenue $44.4 million



Source: Audited NDUS Financial Statements, June 30, 2018

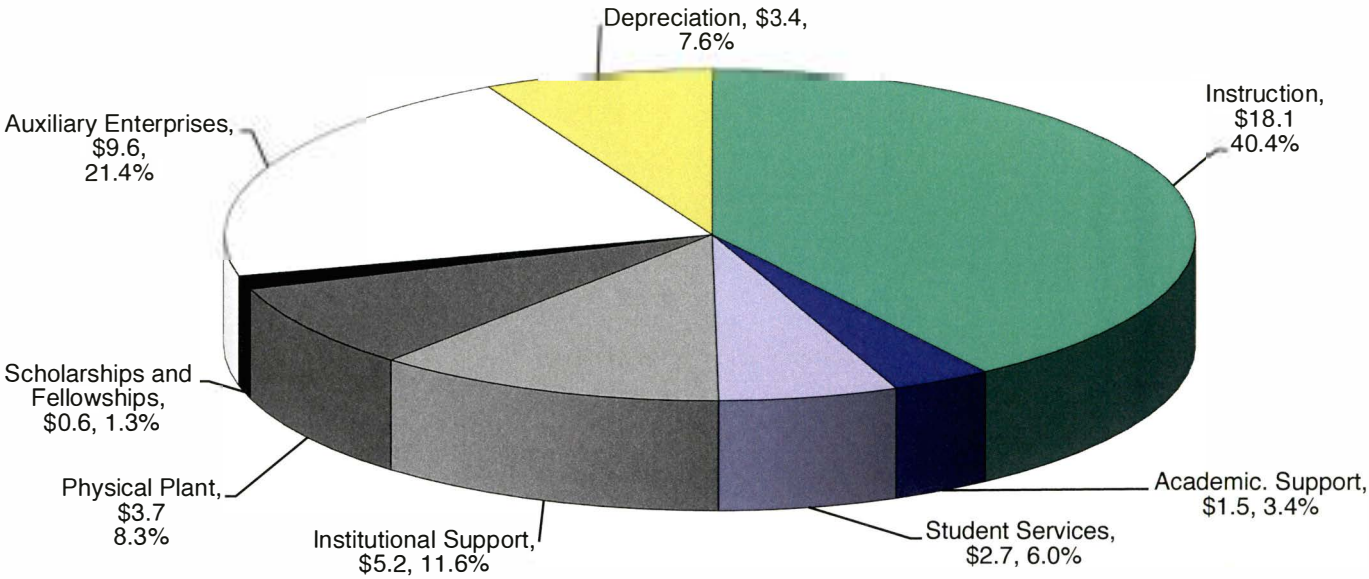
Auxiliary Enterprises are the self-supporting activities of the campuses, such as bookstore, food service and housing

Sales and Services of Educational Departments includes revenues related incidentally to instruction, research, public service and revenues of activities that exist to provide instructional and laboratory experience for students and incidentally creates goods and services that may be sold to students, faculty, staff and the general public. Examples are advertising in campus publications, fees for conferences organized by the institution and ticket sales for campus theatrical and musical events.

FY18 Operating Expense by Function

(excluding capital items and other nonoperating expenses – in millions)

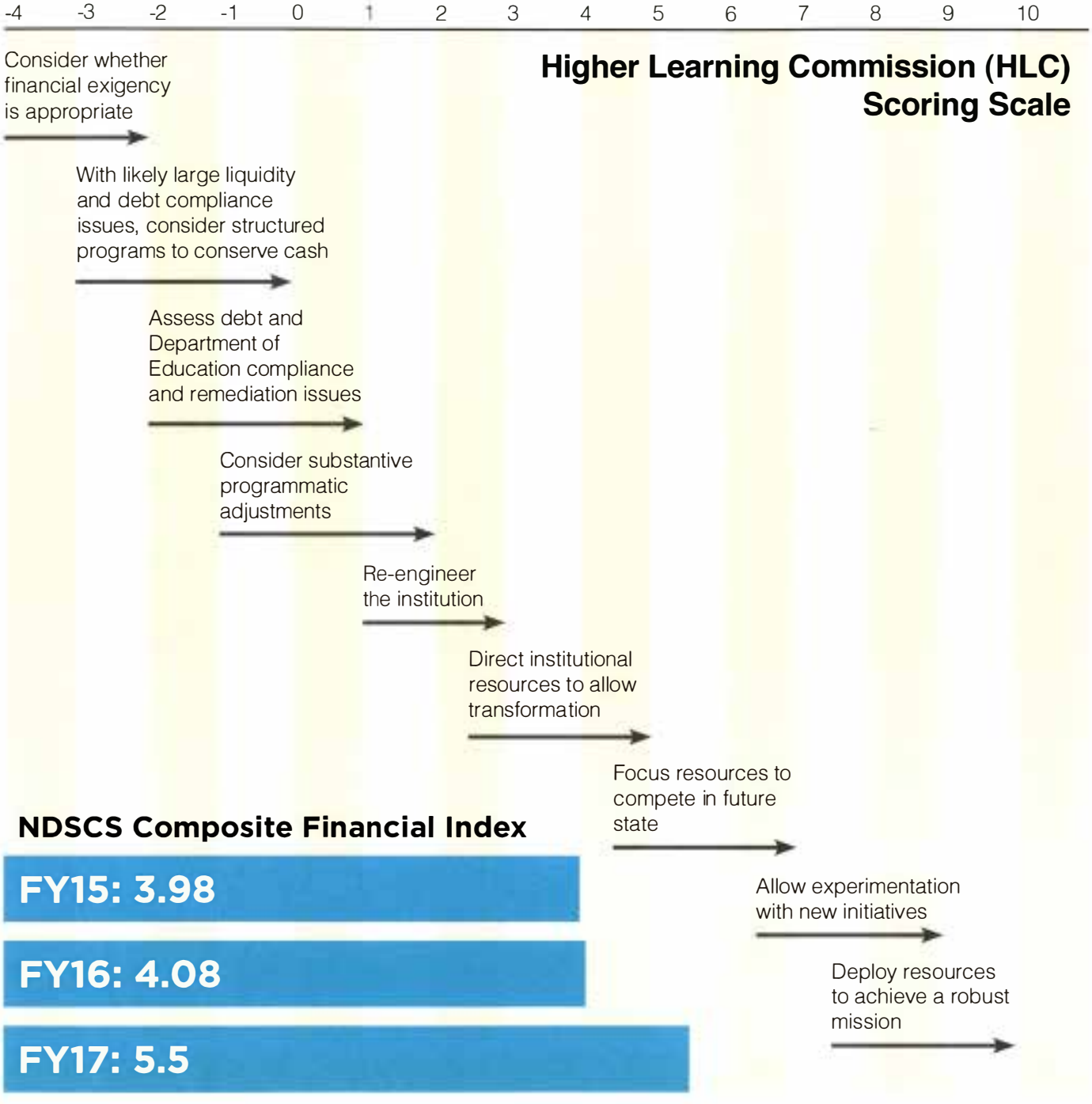
Total Operating Expenses $44.8 million



Source: Audited NDUS Financial Statements, June 30, 2018

The **instructional function** includes expenses related to instruction (e.g. classroom, distance ed and continuing education) and instructional support. **Academic support** includes libraries, academic deans, and other departments that directly support the academic unit of the campuses. **Student services** include offices that provide a specific service to students, including career services, registration, admission and counseling. **Institutional support** includes staff that supports the institution as a whole (e.g. business office, IT support and president's office). The **physical plant function** includes upkeep, maintenance and utilities for campus facilities. **Scholarships and fellowships** include aid provided to students. Auxiliary enterprises are the self-supporting activities of the campuses, such as bookstore, food service and housing. **Depreciation** represents the non-cash expense of capitalized assets over time. **Public service** includes activities established primarily to provide non-instructional services that are beneficial to individuals and groups external to the institution. The **Research function** is activities specifically organized to produce research.

NDSCS Financial Sustainability



NDSCS Composite Financial Index

FY15: 3.98

FY16: 4.08

FY17: 5.5

HLC uses the zones listed below to evaluate institutions:

CFI Zones	Public Institutions Composite Index	Outcomes
Above	1.10 to 10	No Review
In	0 to 1.0	Financial Panel Review if "in" for two or more consecutive years
Below	-4.0 to -0.1	Financial Panel Review if "below" in any given year

NDSCS scores within this zone

Comparison of 2017-19 Base Budget

to 2019-21 SBHE Request and Executive Recommendation

State General Fund Appropriation

	2017-19 Base Level	Requested Adjustments	2019-21 SBHE Needs-Based Budget	Executive Recommendation	Difference from 2017-19 Base Level	Difference from SBHE Needs-Based Budget
Campus Operations	$ 34,229,084	$ 1,283,778	$ 35,512,862	$ 33,910,741	$ (318,343)	$ (1,602,121)
Capital Assets	$ 1,012,379	$ -	$ 1,012,379	$ 1,012,379	$ -	$ -
Plant Improvement Carryover	$ 1,929,105	$ (1,929,105)	$ -			
Capital Projects - Non-State Funded						
Capital Projects - Non-State Carryover						
Operating Carryover	$ 13,919	$ (13,919)	$ -			
Total State General Fund	**$ 37,184,487**	**$ (659,246)**	**$ 36,525,241**	**$ 34,923,120**	**$ (318,343)**	**$ (1,602,121)**

Special Fund Authority

	2017-19 Base Level	Requested Adjustments	2019-21 SBHE Needs-Based Budget	Executive Recommendation	Difference from 2017-19 Base Level	Difference from SBHE Needs-Based Budget
Campus Operations	$ 59,934,249	$ -	$ 59,934,249	$ 60,275,397	$ 341,148	$ 341,148
Plant Improvement Carryover						
Capital Projects - Non-State Funded			$ 30,000,000	$ 30,000,000	$ 30,000,000	$ -
Capital Projects - Non-State Carryover						
Operating Carryover						
Total Special Fund Authority	**$ 59,934,249**	**$ -**	**$ 89,934,249**	**$ 90,275,397**	**$ 30,341,148**	**$ 341,148**

NDSCS Overall Budget Impact

(20% Reduction for FY18/FY19)

TIME LINE AND AMOUNT OF BUDGET REDUCTIONS

Reduction Date	Reduction Percentage	Reduction Amount
February 2016	4.05%	$2,359,218
August 2016	2.5%	$1,456,308
August 2016 (90% budget)	3.45%	$2,100,000
March 2017 (Engrossed SB2003)	10%	$4,391,198
Total	**20%**	**$10,306,724**

OVERALL OPERATIONAL IMPACT

Division	% Total of NDSCS Biennium Budget	% of the Total 20% Biennium Budget Reduction	% Reduction to Each Division's Biennium Budget
President's Office	11%	18%	28%
Administrative Affairs	25%	31%	21%
Student Affairs	10%	10%	17%
Academic Affairs	54%	41%	13%

OVERALL PERSONNEL IMPACT

A total of 64 positions were impacted, 48 positions eliminated (14% of NDSCS's workforce). Increasing faculty teaching loads enabled faculty salary pools to be reduced by $450,000.

Category	Administrative	Staff	Faculty
Vacant Positions Eliminated	4 (14% of Administrative)	12 (6% of Staff)	11 (9% of Faculty)
Active Positions Termed	1 (4% of Administrative)	15 (7% of Staff)	5 (4% of Faculty)
Base Compensation Adjusted	4 (16% of Administrative)	12 (6% of Staff)	0 (0% of Faculty)
Total Positions Eliminated	5 (18% of Administrative)	27 (13% of Staff)	16 (14% of Faculty)

PROGRAMS AND SERVICES IMPACT

The 80% budget for the 2017-2019 biennium has, and will, make a lasting impact on how NDSCS operates into the future. For 116 years NDSCS faculty, staff, students, and friends have continued to stay focused on the mission of the institution; and together we will continue to train and educate the workforce of tomorrow for North Dakota.

There were no Academic Programs or services eliminated.

Capital Requests

STATE FUNDED PROJECT



Hektner Student Center Improvements

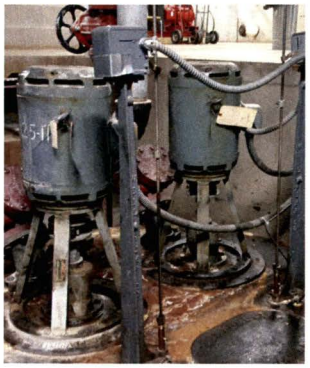
Project type based on percentage of cost as per Master Plan section 3.

25% PED

50% DMP

25% LSS

Aligned with Master Plan



Project Cost Estimate (estimate to mid-point of construction)

Project Total $6,708,000

Total Construction	**$5,487,000**
Total Soft Costs	**$601,000**
Total FF&E/Other	**$620,000**

Future Operating Costs $ N/A

We anticipate this project as being neutral to our campus operating costs.



Source of Funds: No. 1

1. General fund appropriation
   a. NDSCS is requesting $6,708,000 from the general fund appropriation
2. Revenue bond proceeds (if selected, request includes authorization to bond)
3. A combination of funds or other funding sources (describe).

NON-STATE FUNDED PROJECT

NDSCS Career Workforce Academy

Project type based on percentage of cost as per Master Plan section 3.

100% PED

__% DMP

__% LSS



Aligned with Master Plan

Project Cost Estimate (estimate to mid-point of construction)

Project Total $30,000,000

Source of Funds: No. 3 (select from below)

1. A combination of funds or other funding sources (describe).
   a. This project would be funded through a combination of funds from multiple stakeholders. NDSCS is fundraising the $30,000,000 for construction through private and public partnerships. We would not be requesting any state appropriations for construction. The annual operating expenses would be funding through private and public partnerships, tuition dollars and the associated funding from the state through the current per credit funding formula.

Operational Audit Finding

MONTHLY BANK RECONCILIATIONS (Finding 17-1)

Recommendation:

We recommend that NDSCS reconcile the BND general account and general ledger balances to a zero difference on a monthly basis.

North Dakota State College of Science Response:

Agree with the Recommendation: To clarify, NDSCS does do monthly reconciliations for all bank accounts, but hasn't been booking any monthly differences to the general ledger until year end. To improve internal control practices, NDSCS agrees to reconcile and book any adjustments, if necessary, to zero balance on the general ledger on a monthly basis. Implemented with immediate effect.

NDSCS 2015-17 Capital Carryover

OMB LINE ITEM	General Fund Carryover to 2017-19	Expenditures thru 11-30-2018	Estimated Unexpended Balance of Carryover in column (6) at 6-30-2019	Project Completion or Estimated Completion Date	Explanation of How Funds were Spent
XXX50 - Capital Assets:					
Extraordinary Repairs	320,507.07	318,555.00	-		Various deferred maintenance projects & repairs (Fire alrams, Windows/Doors, Roofs)
Deferred Maintenance					
2015-17 Capital Projects (List below):					
NDSCS Water/Sewer Project	1,533,141.88	1,442,666.00	90,476.00	9/30/19	Project Continuation
Security Pool Allocation	75,456.00	75,456.00	-		Lighting/Cameras
Subtotal-Line 50 Carryover	1,929,104.95	1,836,677.00	90,476.00		

Transfer of Operating Expenses to Capital

During 2017-19, NDSCS transferred $152,000 from its Operating Expenses Line Item 30 to Capital Assets Line Item 50 in order to utilize the 2-1 Deferred Maintenance Match for miscellaneous repairs.

Report of 2017-19 Extraordinary Repairs Base Funding and Required Match

for the period July 1, 2017 through December 31, 2018

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
				Source of 2-for-1 Match			
Project Description [1/]	Amount from Base Extraordinary Repairs	Amount of 2-for-1 Match	Total Project Amount	Transfer from General Fund Operating Funds	Other Funds	Total Match (Must = Col 3)	Description of Other Funds (Column 6) [2/]
Miscellaneous repair: boilers, concrete repair, flooring updates, structural repairs	$76,000	$152,000	$228,000	$152,000	$0	$152,000	
Various miscellaneous repairs	$54,900	$109,800	$164,700		$109,800	$109,800	Local Funds
Building Exterior	$76,682	$153,318	$230,000			$153,318	Appropriated Carryover
Mechanical Upgrades	$120,024	$239,976	$360,000			$239,976	Appropriated Carryover
Interior Finishes	$50,000	$100,000	$150,000			$100,000	Appropriated Carryover
Paving and Lighting	$16,670	$33,330	$50,000			$33,330	Appropriated Carryover
Various miscellaneous repairs	$36,624	$73,376	$110,000			$73,376	Appropriated Carryover
			$0			$0	
			$0			$0	
			$0			$0	
			$0			$0	
			$0			$0	
Totals 7/1/17 - 12/31/18	$430,900	$861,800	$1,292,700	$152,000	$109,800	$861,800	

[1/] In column 1, include description for individual projects or combined "like-projects" (example "Various roofing projects for (identify locations)")

[2/] In column 8, please be specific as to the source of other funds in column 6 (examples: tuition, private, federal, approp reserves, etc)

STATUS AS OF 12/31/18	GF Base	Required Match	Total
2017-19 Biennial Totals	$1,012,379	$2,024,758	$3,037,137
Used 7/1/17 - 12/31/18	($430,900)	($861,800)	($1,292,700)
Balance Available	$581,479	$1,162,958	$1,744,437

Challenge Grant Program

CHALLENGE GRANT III - JULY 2017 - DECEMBER 2018

Program	Total Award	Pledge	Match Amount
Business Admin. Scholarships	$52,500	$35,000	$17,500
Dental or Nursing	$30,000	$20,000	$10,000
General Scholarship	$265,751	$177,167	$88,584
HVAC/R Scholarships	$42,499	$28,333	$14,166
Liberal Arts Scholarship	$15,000	$10,000	$5,000
Nursing & AG Scholarship	$75,000	$50,000	$25,000
Science Programs	$44,250	$29,500	$14,750
Science of Leadership Scholarship	$75,000	$50,000	$25,000
	$600,000	**$400,000**	**$200,000**

CUMMULATIVE OF ALL CHALLENGE GRANTS

Program	Total Award	Pledge/Gifts	State Match
Agriculture Scholarships	$165,000	$110,000	$55,000
Allied Health Scholarships	$67,500	$45,000	$22,500
Architectural Drafting Scholarships	$81,936	$56,664	$25,272
Auto Tech & Electrical Scholarships	$150,000	$100,000	$50,000
Building Construction/Architectural Program	$37,500	$25,000	$12,500
Business Admin. Scholarships	$202,500	$135,000	$67,500
CRM Program	$37,500	$25,000	$12,500
Dental Assisting Program	$30,000	$20,000	$10,000
Dental Assisting Scholarship	$37,500	$25,000	$12,500
Dental Hygiene or Nursing Scholarships	$60,000	$40,000	$20,000
Diesel Program	$1,303,721	$869,147	$434,574
Diesel Scholarships	$37,500	$25,000	$12,500
Diesel/Electrical/Civil/Welding Programs	$37,500	$25,000	$12,500
Diesel/Robotics Scholarships	$37,500	$25,000	$12,500
Electrical Program	$45,000	$30,000	$15,000
Electrical Scholarships	$30,000	$20,000	$10,000
General Scholarships	$1,730,394	$1,179,623	$550,771
HVAC/R Scholarships	$47,499	$31,666	$15,833
Land Surveying/Civil Program	$202,500	$135,000	$67,500
NDSCS Leadership/Ambassador Fund	$109,463	$72,975	$36,488
NDSCS Science of Leadership Scholarships	$202,500	$135,000	$67,500
Nursing/AG Scholarships	$675,000	$450,000	$225,000
Nursing Scholarships	$113,841	$76,667	$37,174
Performing Arts Scholarships	$13,575	$9,050	$4,525
Precision Machine Department	$37,500	$25,000	$12,500
Precision Machine Scholarship	$60,000	$40,000	$20,000
Professional Dev Endowment	$532,500	$355,000	$177,500
Science Department Scholarships	$44,250	$29,500	$14,750
Skills Program Scholarships	$507,750	$338,500	$169,250
Welding Program	$7,500	$5,000	$2,500
	$6,644,927	**$4,458,792**	**$2,186,135**

NDSCS Future Directions

PROGRAMMATIC INITIATIVES

- Expansion of Registered Nursing program
- Incorporate Ag Land Lab into all Agriculture curriculum/instruction
  - Fully utilize 94 acres of donated land as a teaching land laboratory
- Expand Agriculture Department's Adult Farm Management program
  - Wahpeton, Fargo and Jamestown
- Statewide collaborative Emergency Medical Services (EMS) programming
  - Align NDSCS, BSC and DCB EMS curriculums
- Alignment of secondary and NDSCS Welding/Manufacturing curriculum
  - Promote Early Entry credit opportunities
- Comprehensive healthcare simulation exercises including Nursing, EMS, and other health programs
  - Partner with Tri College and Sanford Health Systems to develop a comprehensive simulation lab
- Expand (Building Construction Technology) instructional model
  - Incorporate work-based learning activities in place of traditional class or lab instruction
  - Seek industry sponsorships for all students
- Nursing Outreach
  - Conduct needs/financial assessment for Associate of Science in Nursing (ASN) outreach program to the greater Oakes community
  - Conduct needs/financial assessment for Practical Nursing (PN) and ASN outreach programs to Fargo
- Unmanned Aerial Systems (UAS) Initiative
  - Incorporating UAS/drone technology into existing Land Surveying and Agriculture courses

ACADEMIC INSTRUCTIONAL INITIATIVES

- Increased utilization of experiential education
- Build on apprenticeship style learning models
- Enhanced simulation tools and technologies
- "Reach Students Where They Are" initiative
  - Live stream classes and programs to rural/distant sites
  - NDSCS – Fargo
    - Career Workforce Academy will significantly expand the availability for CTE classes to the greater Cass County area
  - NDSCS – Online
    - Flexibility and access 24/7
    - Diverse students – high school, college or incumbent worker

- NDSCS – Early Entry
  - Enhanced course offerings in underserved communities
  - Increased collaboration with high schools
  - Focused offerings of CTE classes
  - Reduces cost for students and gives them a head start on college
- Striving for partnership in all program areas
  - Business and industry, educational, community or others
  - Partnering for Success Initiative
- K-12 Relationships

GOALS

- Improve the student learning experience
- Strategically meet business and industry needs in North Dakota and the region
- Commitment to the continuous development of NDSCS employees
- Strengthen relationships with internal and external stakeholders

CHALLENGES

- Enrollment growth
- Reducing student socioeconomic barriers
- Balancing internal workloads
- Aligning resources to maximize outcomes

OPPORTUNITIES

- Career Workforce Academy
- Partnering for Success
- High-Demand academic programs and innovative delivery methods
- Less reliant on appropriated funding
- Accreditation: Systems Portfolio

PRIORITIES FOR 66TH LEGISLATIVE SESSION

- Securing appropriate and competitive compensation
- Maintaining funding model
- Career Academy Grant program (see page 20)
- 21st Century Tactical Workforce Plan (see page 21)
- Developing opportunity tuition programs
  - High demand careers - SB2039, HB1171
  - Dual Credit courses - HB1122
- Implementing Workforce Development Council recommendations (see page 22)
- Expanding Challenge Grant Program

CAREER WORKFORCE ACADEMY

Secondary • Early Entry • Post-Secondary • Incumbent Worker

Career Workforce Academy Vision Statement

The Career Workforce Academy will build the awareness of multiple career clusters and the skills necessary to be career ready through experiential education, classroom training, student connection to business and industry, and career path counseling. It will present real-time opportunities and real-life experiences by responding and adapting quickly to industry demands and student interest. Success will depend on engaged student interest and on the collaboration of all stakeholders.

Top 5 Reasons for an Academy

1. Expanding learning opportunities for students.
2. A collaborative approach enhancing everyone's effectiveness and efficiencies.
3. A workforce development solution.
4. Career exploration and skill development.
5. A proven model that makes a difference.

"By exploring all career opportunities early, our youth and their parents can make educated choices that are focused, exciting, and monetarily rewarding. It is well worth the effort!"

- Don Shilling, Chairman, General Equipment & Supplies, Inc.
Executive Committee Member, ND Workforce Development Council

For more information about the Career Workforce Academy, visit NDSCS.edu/CareerAcademy

SUMMER 2018

21ST CENTURY TACTICAL WORKFORCE PLAN

EMPOWER PEOPLE | IMPROVE LIVES | INSPIRE SUCCESS



BISMARCK STATE COLLEGE
DAKOTA COLLEGE AT BOTTINEAU
LAKE REGION STATE COLLEGE
NORTH DAKOTA STATE COLLEGE OF SCIENCE
WILLISTON STATE COLLEGE

North Dakota's CTEC colleges are working collaboratively and in tandem, strategically and tactically, to meet growing regional and state-wide workforce training demands. The colleges propose to improve credit and non-credit offerings and to add new offerings to meet industry needs. The cooperation by CTEC colleges is evidenced by a commitment to share resources, a focus on improved course delivery and programmatic cross-linking to adequately prepare the ND workforce, and the acknowledgement that mutual benefit will result from the proposed changes.

The five two-year colleges met in March 2018 to begin the collaborative process of creating a strategic, cross-cutting, innovative workforce tactical plan aimed at enhancing campus delivery system(s) to bolster North Dakota's 21st century workforce. The plan will represent a review of the effectiveness of current campus workforce programs and identify solutions to enhance workforce training delivery to grow North Dakota (ND). The CTEC presents this document to help guide the decision-making process related to workforce training, and to demonstrate the CTEC's acknowledged role and responsibility in moving the state's workforce initiatives forward.

The College Technical Education Council recommends an annual investment of $4,750,000.00 for funding pool that addresses statewide workforce challenges. An example of challenges present include allied health programs in rural North Dakota.

The funding pool will be leveraged by CTEC where appropriate with private sector investment to expand apprenticeship programs, delivery of workforce training and creation of innovative workforce partnership programs.

For more information about the 21st Century Tactical Workforce Plan, visit NDSCS.edu/CenturyTacticalPlan

North Dakota Workforce Development Council Summary Report

October 24, 2018

Since November of 2017, the Council has worked to deeply understand North Dakota's workforce challenges, including but not limited to, commissioning regional economic impact and labor availability studies, partnering with the Greater North Dakota Chamber of Commerce to conduct the first-ever employer survey, and interviewing dozens of stakeholders across the entire state for the purpose of proposing a workforce plan that identifies priorities based on a data-driven understanding of North Dakota's workforce challenges, maximizes state and federal resources, and aligns the educational system with industry needs to drive and create actionable solutions.

This summary included recommendations pertaining to five themes that emerged profoundly through the Council's work:

1 Technical Skills Gap

2 Need for Youth Engagement and Earlier and More Diverse Career Exploration

3 Nursing and Healthcare Technician Shortage

4 Support for Populations with Barriers to Employment

5 Need for Net In-Migration of North Dakotans

WHY WE NEED TO CHANGE THE PERCEPTION OF TECHNICAL EDUCATION AS A CAREER PATHWAY

"We need to educate the people within our state on the fact that the majority of good, solid careers in this state require a two-year technical degree or less. A pathway pursuing a technical education will help ensure their future success within one of these careers."

- Perry Lubbers, Vice President of Manufacturing Operations, Trail King Industries
Executive Committee Member, ND Workforce Development Council

"As Chair of the ND Governor's Workforce Development Council, I am proud of the energy and passion that all the members have brought to the table for tackling the workforce challenges of North Dakota. The members' depth of experience, diverse points of view, and willingness to collaborate have been critical in allowing the Council to identify and prioritize the greatest workforce needs and to develop strong recommendations for helping to address those needs going forward."

- David E. Farnsworth, Manager of ND Power Generation & Engineering Services, Great River Energy
Chairman and Executive Committee Member, ND Workforce Development Council

For more information about the North Dakota Workforce Development Council Summary Report, visit NDSCS.edu/CouncilReport

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DSU FORWARD

Develop. Strengthen. Unify.



House Appropriations
January 15, 2019

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MISSION

Dickinson State University is a regional four-year institution within the North Dakota University System, whose primary role is to contribute to the intellectual, social, economic, and cultural development, especially to Southwestern North Dakota. The University's mission is to provide high-quality, accessible programs; to promote excellence in teaching and learning; to support scholarly and creative activities; and to provide service relevant to the economy, health, and quality of life of the citizens of the State of North Dakota.

VISION

Dickinson State University will educate a diverse population through innovative teaching, learning and scholarship fostering responsible citizens who impact the world.

CORE VALUES

Integrity

Accessibility

Excellence

Inquiry and Innovation









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Dickinson State will

DEVELOP

programming, infrastructure and resources to fulfill its ***MISSION***.

Principle One

Students are paramount. How will this enhance student education?







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1/15/2019

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Dickinson State will

STRENGTHEN

the capacity of its staff, faculty and students to achieve academic and professional goals.

Principle Two

Teamwork and community is the platform upon which we must build





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DSU FORWARD
Develop. Strengthen. Unify.

Dickinson State will

UNIFY

its efforts internally and externally to actively engage the campus, alumni, community and constituents to achieve the Mission of the institution.

Principle Three

Faculty and staff are the core of the institution







DUAL MISSION *university*

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We are **Responsive** *and* **Relevant**

1 Master's Degree Approved

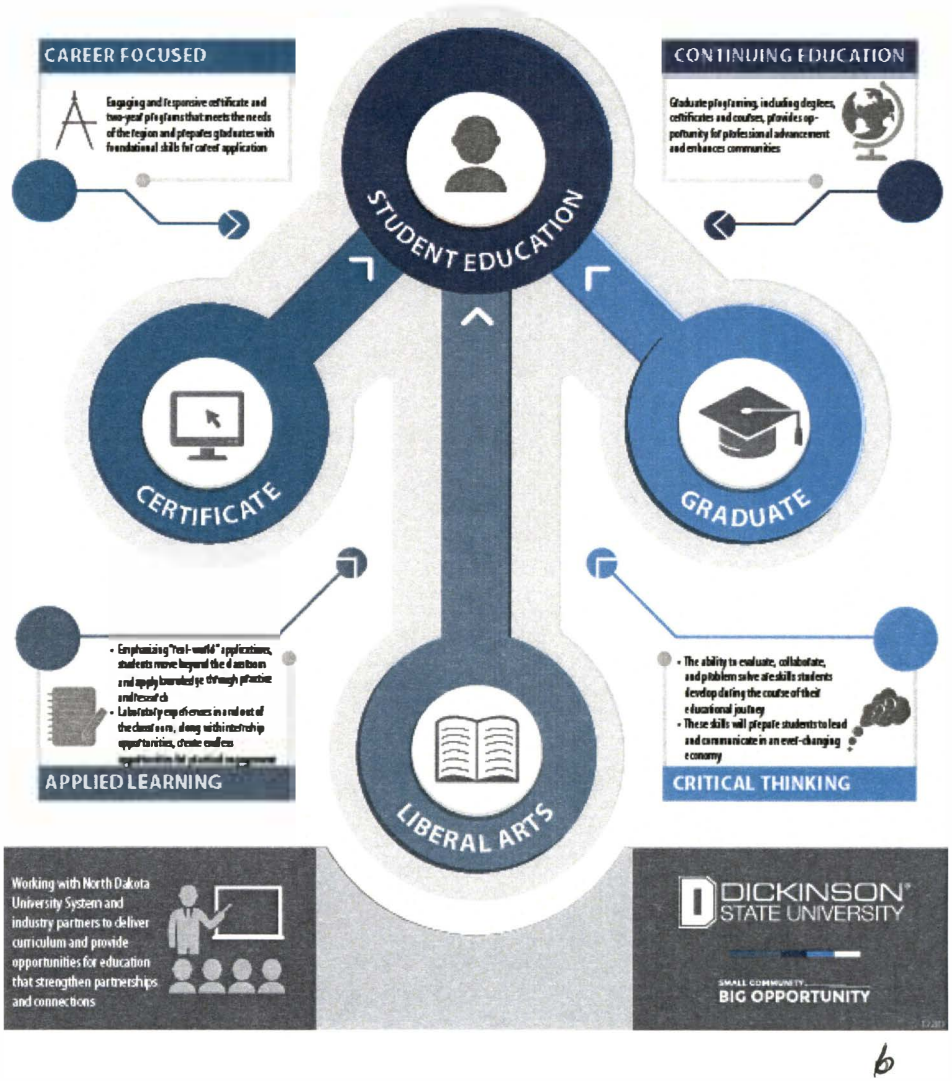
1 Master's Degree Pending Approval

42 Bachelor's Degrees

4 Associate Degrees

10 Certificate Programs

2 Micro-certificates



6

ENROLLMENT *trends*

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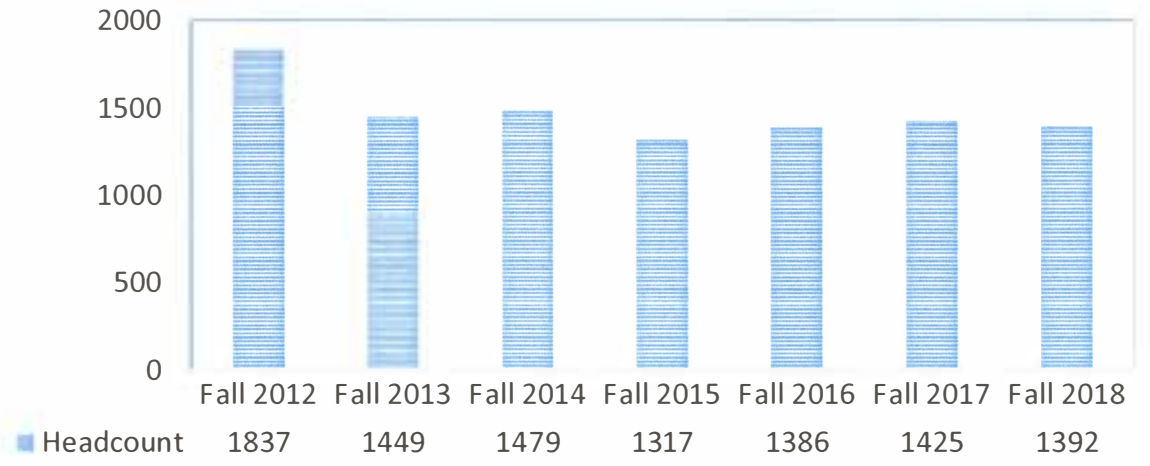
Fall 2018 Enrollment (headcount)	1392 students	
North Dakota	1038 students	75%
US (other)	313 students	22%
International	41 students	3%



SERVE *western North Dakota*

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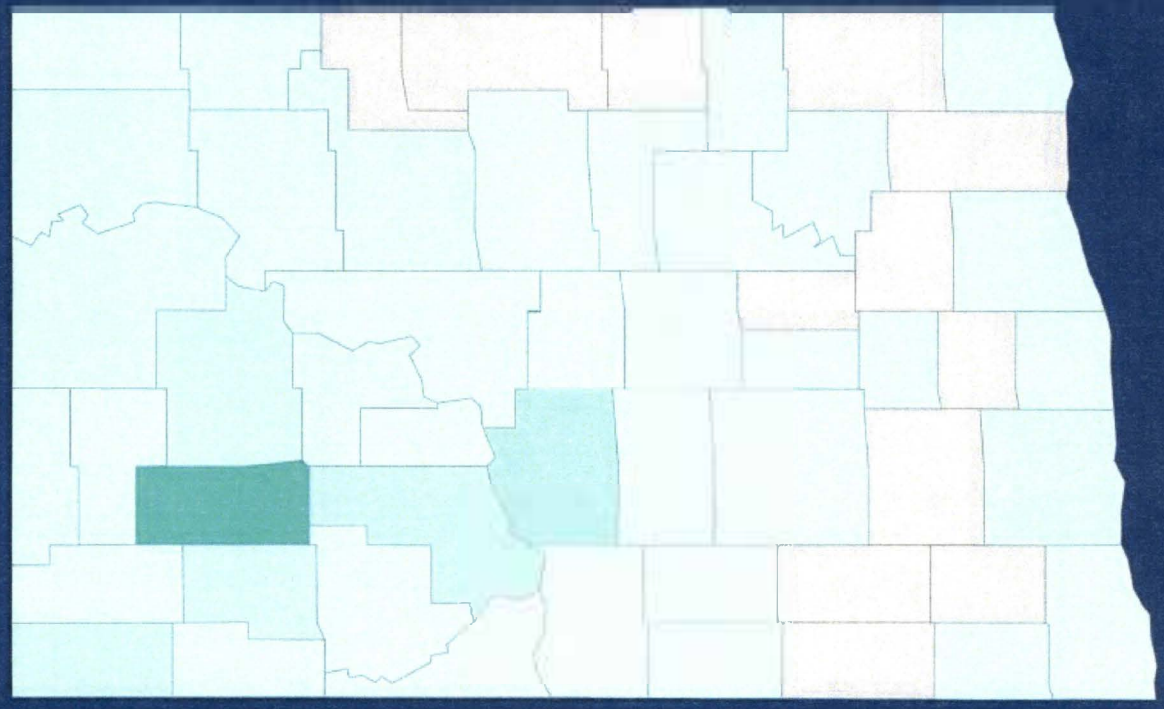
Residency County of Enrolled North Dakota Students



County	Enrolled
Stark	582
Burleigh	122
Morton	70
Bowman	48
Hettinger	39
Dunn	30
Cass	16
McKenzie	12
Williams	11
Golden Valley	10
Mercer	9
Ward	9
Kidder	8
Adams	7
Mountrail	7
Grant	5
McLean	5
Slope	5
Billings	4
Emmons	4
Grand Forks	4
Total	**1038**

PROVIDE *access to education*

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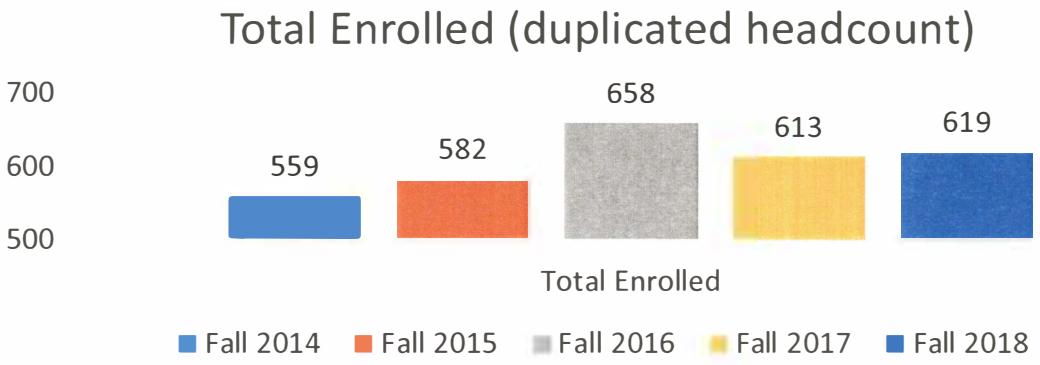
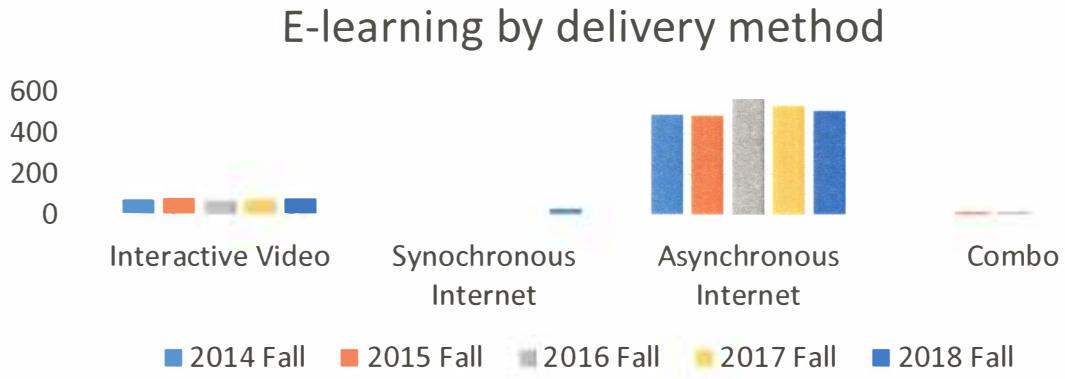
44% of DSU students access education via e-learning platforms





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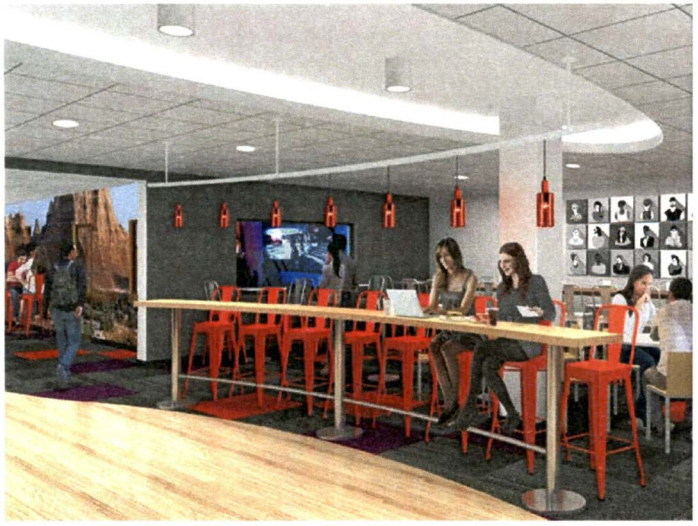
DEVELOP *community and belonging*



Student retention has risen to 71%

First to Second Year Retention Rate				
	2014	**2015**	**2016**	**2017**
Full Time Cohort	182	198	181	189
Returned	104	107	115	135
Retention Rate	**57%**	**54%**	**63%**	**71%**

- Blue Hawk Hub
- Sanford Sports Facility
- The Perch Dining
- The University Store
- Student Center as vibrant destination point

- Residential life programs
- One-Stop Shop / SOAR Center
- Student Athletic Council
- Campus workgroups to provide input

FOUR YEAR *financial plan*

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Over time, DSU has seen a decrease in funding. To be financially stable,

DSU has / is:

- Previously implemented expenditure reductions; for FY18 and beyond, implementing a financial strategy to enhance revenue and hold the line on expenditures
- Developing new programs and supports to increase enrollment
- Restructured campus housing and dining
- Fundraising
- Developing strategic community and academic partnerships

FINANCIAL *reductions*

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2017-19 DSU funding compared to 2015-17

2015-17	2015-17	2015-17		2017-19	2017-19	2017-19
Base	**One time**	**Total funding**		**Base**	**One time**	**Total funding**
$26,215,931	$2,681,844	$28,897,775		$17,806,843	$4,134,626	$21,941,469
						$2,000,000*
						$23,941,469

*$2M of DSU Reserves

IMPACT OF BUDGET REDUCTION

- Loss of additional 10 FTE
- Decreased library operations
- Communications and marketing reduced
- Waivers decreased
- STEM educational outreach programs eliminated
- Baseball discontinued
- Golf dropped

The 2019-21 proposed General Fund appropriation is $17,806,843

This is a 38% decrease from 2015-17

BUDGET *comparison*

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Dickinson State University

Comparison of 2017-19 Base Budget to 2019-21 SBHE Request and Executive Recommendation

State General Fund Appropriation

	2017-19 Base Level	Requested Adjustments	2019-21 SBHE Needs-Based Budget	Executive Recommendation	Difference from 2017-19 Base Level	Difference from SBHE Needs-Based Budget
Campus Operations	$ 17,806,843	$ -	$ 17,806,843	$ 17,588,442	$ (218,401)	$ (218,401)
Capital Assets	$ 409,078	$ -	$ 409,078	$ 409,078	$ -	$ -
Digitization Project	$ -	$ -	$ -	$ 750,000	$ 750,000	$ 750,000
Plant Improvement Carryover	$ -	$ -	$ -	$ -	$ -	$ -
Capital Projects - Non-State Funded	$ -	$ -	$ -	$ -	$ -	$ -
Capital Projects - Non-State Carryover	$ -	$ -	$ -	$ -	$ -	$ -
Operating Carryover	$ -	$ -	$ -	$ -	$ -	$ -
Total State General Fund	**$ 18,215,921**	**$ -**	**$ 18,215,921**	**$ 18,747,520**	**$ 531,599**	**$ 531,599**

Special Fund Authority

	2017-19 Base Level	Requested Adjustments	2019-21 SBHE Needs-Based Budget	Executive Recommendation	Difference from 2017-19 Base Level	Difference from SBHE Needs-Based Budget
Campus Operations	$ 29,707,922	$ -	$ 29,707,922	$ 30,641,487	$ 933,565	$ 933,565
Plant Improvement Carryover	$ -	$ -	$ -	$ -	$ -	$ -
Capital Projects - Non-State Funded	$ -	$ -	$ -	$ -	$ -	$ -
Capital Projects - Non-State Carryover	$ -	$ -	$ -	$ -	$ -	$ -
Operating Carryover	$ -	$ -	$ -	$ -	$ -	$ -
Total Special Fund Authority	**$ 29,707,922**	**$ -**	**$ 29,707,922**	**$ 30,641,487**	**$ 933,565**	**$ 933,565**

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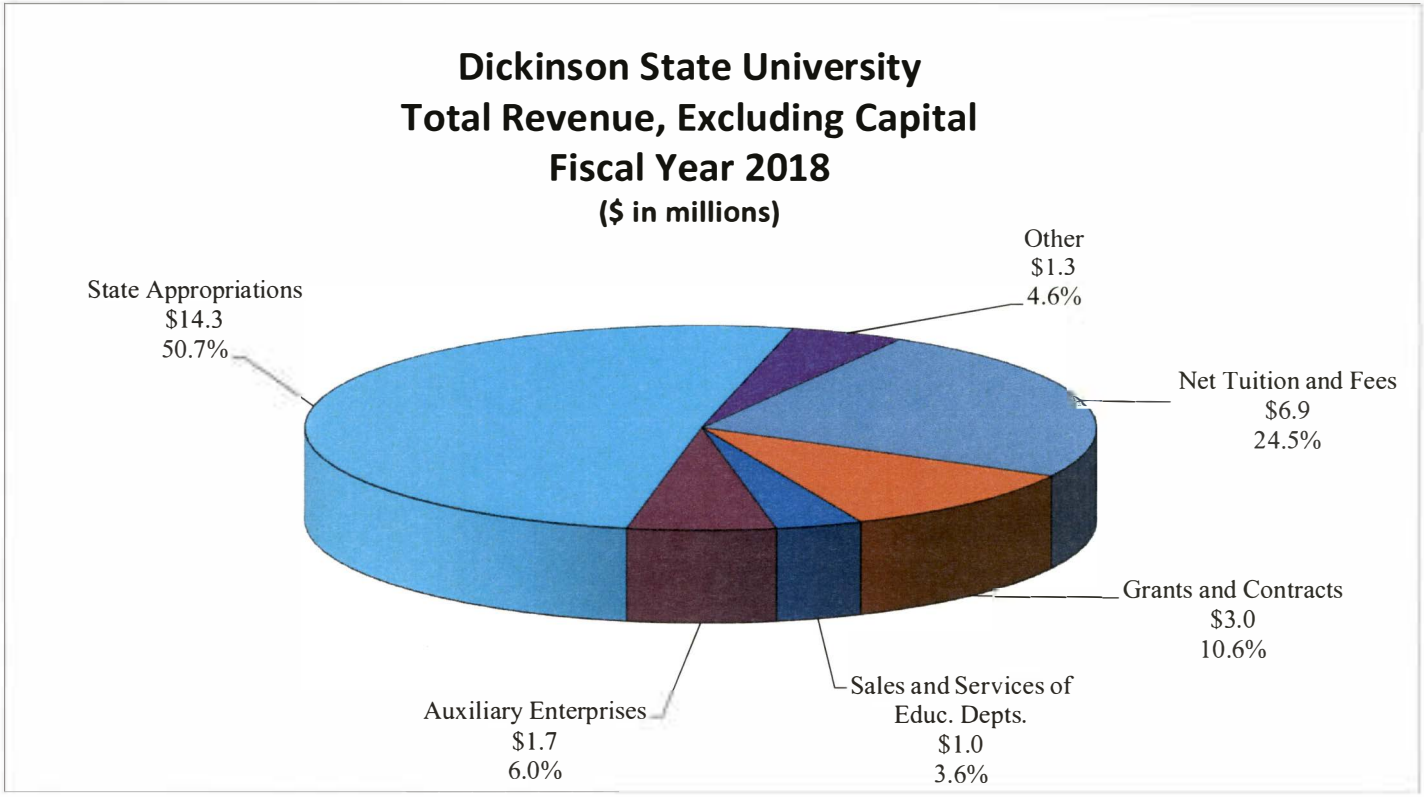
TUITION REVENUE *excluding capital*



Source: Audited NDUS Financial Statements, June 30, 2018

Auxiliary Enterprises are the self-supporting activities of the campuses, such as bookstore, food service and housing.

Sales and Services of Educational Departments includes revenues related incidentally to instruction, research, public service and revenues of activities that exist to provide instructional and laboratory experience for students and incidentally creates goods and services that may be sold to students, faculty, staff and the general public. Examples are advertising in campus publications, fees for conferences organized by the institution and ticket sales for campus theatrical and musical events.

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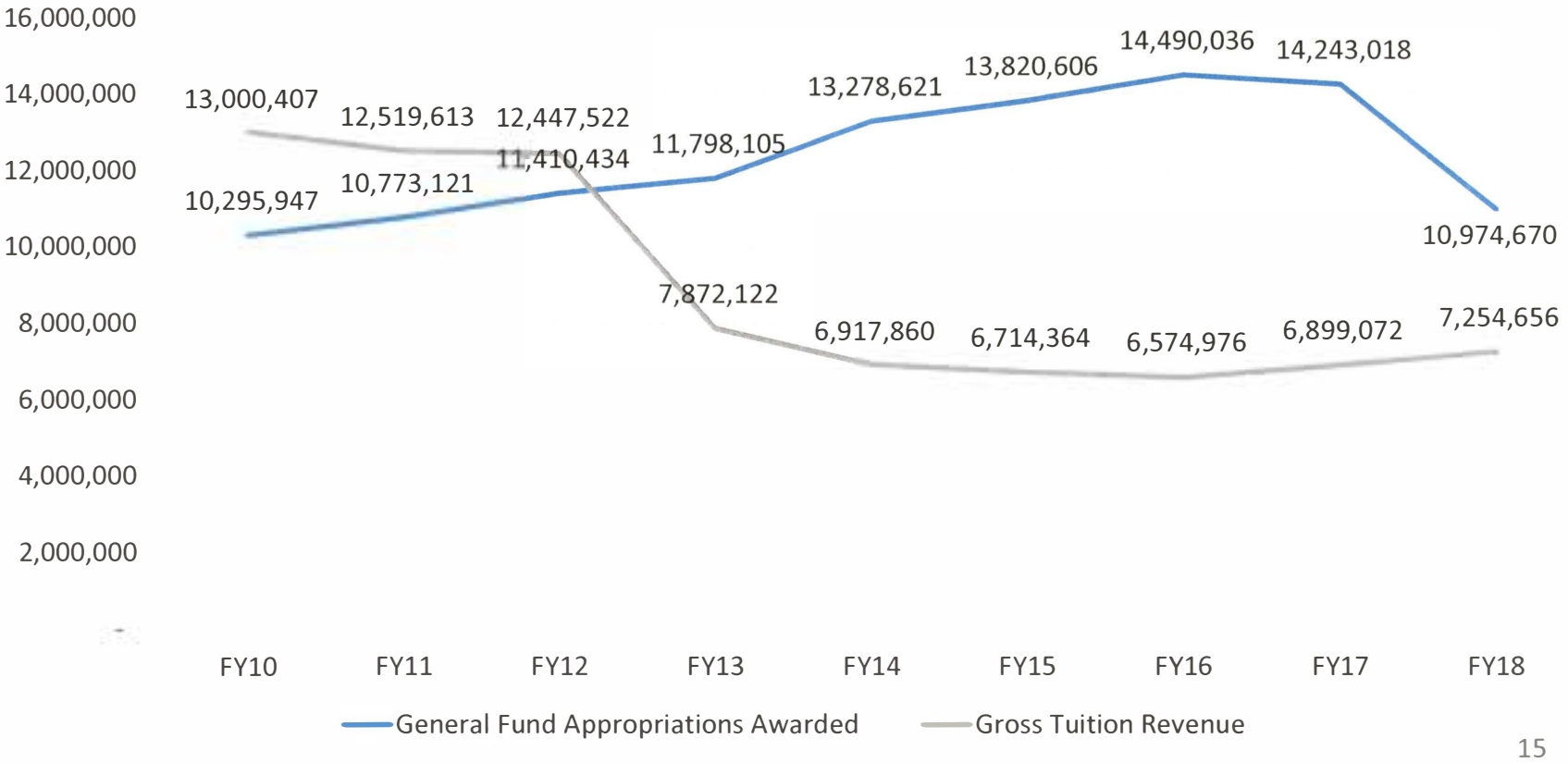
REVENUE TRENDS *general fund*

Trending in the direction for tuition to be a greater source of revenue than appropriations

- FY '10 - 44% appropriation, 56% tuition revenue
- FY '18 - 60% appropriation, 40% tuition revenue
- Four year plan goal is to be at 40% appropriation, 60% tuition revenue



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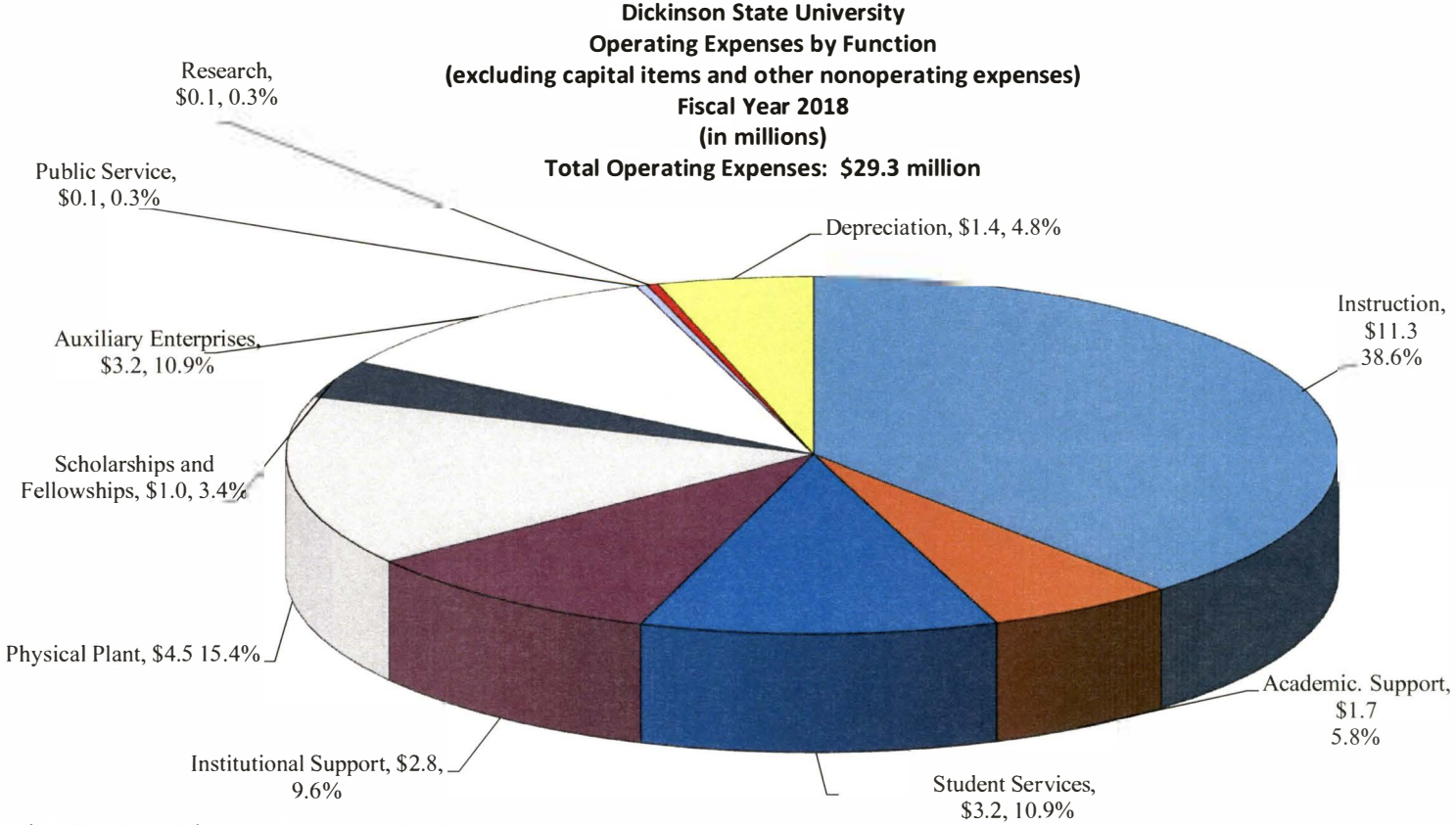
OPERATING EXPENSES *by function*



Source: Audited NDUS Financial Statements, June 30, 2018

The **instructional function** includes expenses related to instruction (e.g. classroom, distance ed and continuing education) and instructional support. **Academic support** includes libraries, academic deans, and other departments that directly support the academic unit of the campuses. **Student services** include offices that provide a specific service to students, including career services, registration, admission and counseling. **Institutional support** includes staff that supports the institution as a whole (e.g. business office, IT support and president's office). The **physical plant function** includes upkeep, maintenance and utilities for campus facilities. **Scholarships and fellowships** include aid provided to students. **Auxiliary enterprises** are the self-supporting activities of the campuses, such as bookstore, food service and housing. **Depreciation** represents the non-cash expense of capitalized assets over time. **Public service** includes activities established primarily to provide non-instructional services that are beneficial to individuals and groups external to the institution. The **research function** is activities specifically organized to produce research.

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OPERATIONAL AUDIT *findings and response*

Finding: **Inadequate Journal Entry Approval**
Condition: DSU does not have adequate approval process in place for general ledger entries

Action: DSU changed the journal entry form to include a line for the initials of the person creating the journal entry and a line for the initials of the person approving the journal entry. This was implemented in July 2017 when the new controller was hired.

Finding: **Inadequate Nepotism and Conflicts of Interest Policies**
Condition: DSU lacks a policy for documenting and monitoring nepotism. They only rely on the initial job application question. Also, the conflicts of interest policy is inadequate in regards to identifying and resolving potential conflicts.

Action: DSU created a form for employees to fill out when they are hired to inform DSU of any known conflicts of interest. is implementing a procedure during the on-boarding process to have employees inform DSU of any nepotism situations on campus. A list will be created and reviewed at fiscal year-end to make any necessary changes.

Finding: **Noncompliance over Procurement**
Condition: DSU had four procurement transactions that were not properly procured and one sole source purchase that was not adequately justified or exempt from the normal procurement process.

Action: DSU reviewed their purchasing policy to assure it was in alignment with NDUS procedure. The DSU controller and accounting specialist participated in OMB procurement training.

Finding: **Inadequate Controls over Capital Improvements**

Condition: For the Woods Hall asbestos removal contract, DSU did not maintain a retainage and did not capitalize the expense.

Action: DSU reviewed the invoices to make sure the proper retainage was maintained for each capital project and that the expenses were capitalized.

SOURCE Operational Audit June 2017

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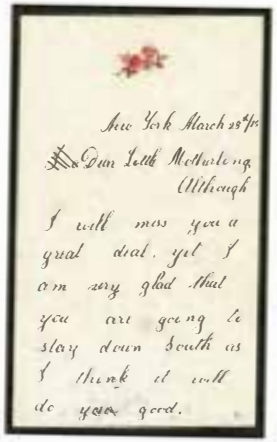
THEODORE ROOSEVELT *center*

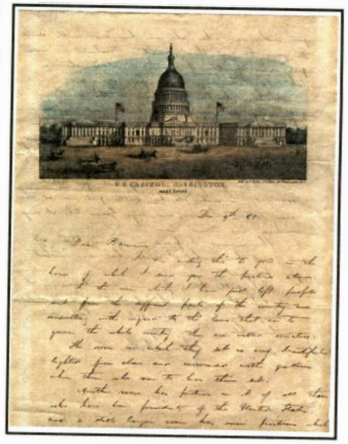
The Theodore Roosevelt Center at Dickinson State University preserves and analyzes the legacy of America's 26th president, one of the most remarkable statesmen and intellectuals in American history.











Launched in 2009, the Center is achieved a landmark of 50,000 items published and cataloged in its digital collection in April 2018.

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THEODORE ROOSEVELT *center*

Since July 1, 2017

THEODORE Roosevelt CENTER AT DICKINSON STATE UNIVERSITY

251,361 visitors to web site

Published **8,027** additional items

Responded to **157** patron requests. The TR Center served as a resource for a variety people this year including historical societies, the Travel Channel, the American Bar Association, university and PhD students conducting research, Disney, a tv station in Brazil and a middle school student preparing for a class presentation.

Cited in several new books, including:

- *The Soul of America: The Battle for Our Better Angels* by Jon Meacham
- *Leadership in Turbulent Times* by Doris Kearns Goodwin
- *The Cowboy President: The American West and the Making of Theodore Roosevelt* by Michael F. Blake
- *President McKinley: Architect of the American Century* by Robert W. Merry

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HOUSE APPROPRIATIONS COMMITTEE HEARINGS

HB 1003

Lake Region State College

[LAKE REGION STATE COLLEGE]
[JANUARY 15, 2019]

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HOUSE APPROPRIATIONS COMMITTEE HEARINGS HB 1003

LAKE REGION STATE COLLEGE
JANUARY 15, 2019

Good afternoon, I am Dr. Doug Darling, President of Lake Region State College

THE COLLEGE

Lake Region State College has a mission to enhance lives and community vitality through quality education. It is a mission we tackle every day. Always looking to tomorrow's opportunities, LRSC embraces its past and creates tomorrow's workforce.

Helping students reach their educational goals is what Lake Region State College in Devils Lake does best. This last year we were recognized for it. Lake Region State College was ranked #20 in a report of 762 two-year colleges published by the *Chronicle of Higher Education* in its *2018 Almanac of Higher Education*. Institutions were ranked according to the number of first-time, full-time students who entered in a cohort who started in the fall of 2013 and completed either a degree or certificate within a three-year time period. According to the 2018 Almanac report, the average completion rate for two-year colleges nationwide is 23 percent. LRSC boasts double that with 47 percent of students completing their programs with degrees or certificates within three years of enrollment.

Thanks to state appropriations and private dollars, Lake Region State College has a state-of-the-art center for nursing, electronics, and automotive technology education. Our wind turbine continues to be a winning combination, providing power and serving as a live learning lab for students.

Since the last session, our capital project to update the electrical system, switch gear, and courtyard walls and windows was completed within budget and has been working well. We can sleep at night not worrying about the system crashing. The project was vital to the safety, security, and well-being of our campus family. Thank you for making the project a reality.

For those who don't know, Lake Region State College has a large footprint for the small campus we appear to be. Our fall enrollment was 2,072, a record for the college. We broke enrollment records on total headcount and full-time equivalent. LRSC provides great value for each appropriated dollar and makes great use of space. We serve students keeping the core mission of community colleges – access to all – always top of mind.

Because of the community college mission, we provide access to education on our campus; online; for military personnel at Grand Forks Air Force Base; for future police officers with academies throughout North Dakota; through nursing programs in Devils Lake, Grand Forks, and Mayville; through dual credit in more than fifty high schools; and for those who pursue a university education but aren't quite ready to take that leap with the LAUNCH! Program at UND.

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We do all of this with a budget of just under 13 million in state appropriations each biennium. Lake Region State College already runs a tight ship, which makes additional cuts extremely hard to make. Unlike other states, where optimal community college funding is 75-percent state and 25-percent tuition, we are almost the opposite.

Smaller campuses like Lake Region State College are making a large impact on area and state employers. We can create opportunities for stackable credits through certificate programs and stackable credentials. One of the places LRSC can grow is through educational opportunities like those recommended in the College Technical Education Council's *Tactical Workforce Plan* completed the summer of 2018. Opportunities in cyber security, nursing, competency-based programming, expansion of certificates, and apprenticeships are all within our grasp with the right plans and appropriations in place.

Growth in precision agriculture has spurred additional activity at Lake Region State College. Students began enrolling in the Precision Ag program in 2013. The college offers an Associate in Applied Science in Precision Agriculture. Today, the program is nearly full with continued interest. The program was invited to showcase at the National FFA Convention in 2018 with the Cenex Harvest States Foundation. A recent graduate was a National Star Farmer Finalist. The Precision Ag Institute ranked the LRSC Precision Ag program #10 in its Top 20 list in September 2018, citing the mix of hands-on and high tech programming.

"The all-inclusive ag program focuses on today's technology to provide students awareness and experience preparing them for the demanding agriculture field. LRSC provides this in a hands-on, field experience type atmosphere using the college's own precision ag equipment, forty acres of farmland, and industry access."

At the time the degree started, the college did not have adequate facilities to house the needs of the program, especially when it came to shop and lab access. The college refurbished a former implement dealership and pays an annual lease of nearly $60,000 per year. Students help to offset that cost with program fees. However, the program is outgrowing the space, it is located off campus, and lease rates continue to rise. The building also is in dire need of additional renovation to address parking, pests, and more.

There are exciting things going on, and it can all expand with a small investment. For $3 million, LRSC can bring the Precision Ag program onto its campus. A building at that cost will meet the laboratory and shop needs for the program, create opportunity for growth, and link the college program with the campus. Although ranked 22nd on the SBHE capital project requests list, the college and its Precision Ag program hope the state recognizes the need for such a building, not only for the college and its students, but for the agricultural industry in northeast North Dakota, as well.

Since 2015, Lake Region State College has increased its footprint in delivering education to the northeast part of North Dakota, and statewide with high-demand programs. The demand for nurses continues throughout healthcare facilities in North Dakota. Lake Region State College was invited by area healthcare facilities to bring nursing education to the Grand Forks area. With State Board of Nursing approval, a practical nurse cohort began studies in August 2014. Lake Region State College also continues to partner with Mayville State University to deliver nursing education in Mayville. Students can earn practical nurse and associate degree nurse degrees from LRSC in Grand Forks and Mayville and continue their nursing education through the Bachelor of Science in Nursing at Mayville State University.

LRSC has the only Paramedic-to-Nurse bridge program in North Dakota. Upon successful completion of the Paramedic-to-Nurse bridge program, students can obtain a practical nurse degree and are eligible to test for practical nurse licensure.

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Each fall and spring since 1987, Lake Region State College has offered its Peace Officer Training program in Devils Lake. Summer academies were launched in Fargo in 2002 and Grand Forks in 2009. A spring semester academy was launched in Minot in 2012. Since then, the Devils Lake-based academy has been offered only in the fall. These outreach sites are the results of partnerships with numerous law enforcement agencies and local governments to meet the need for peace officers. With these academies, around 100 new licensable peace officers enter the workforce each year.

Lake Region State College continues increase student retention with targeted services. One way we've served at-risk students is through the TRiO program. This program, funded through a TRiO Student Support Services grant, has been in place for over a decade and has been a successful tool to reach a large number of students (219 are currently being served) who may be at risk because:

- they are the first generation in their family to attend college,
- they are older students, or
- they are of lower income status.

Lake Region State College took the opportunity to match donations through the Higher Ed Challenge Grant. Our Community College Foundation staff and board worked efficiently to increase endowment funds and other gifts eligible for the criteria of the fund. I'm proud to say that LRSC has submitted applications for a total of $417,253.74. Of that, $203,740.71 has been matched. An application for match for the remaining $213,513.03 will be presented to the Higher Ed Challenge Grant Committee at its January 24 meeting. These funds will help ensure student success and support vital program needs.

The college has had a great year, and we continue to seek resources in the private sector which will benefit our students and community into the future. Private sources such as the Bush Foundation are providing key educational resources to add apprenticeships in the Information Technology program. Apprenticeship programs also are in place with students in our Simulation Technology program with partners like CAE.

We have been able to build some positive relationships with community leaders, businesses and economic development organizations, the school systems in our service area, our local and regional legislators, and we have strengthened relationships with North Dakota University System colleges and universities. We work closely with regional economic developers when new businesses are being recruited to locate in the area and directly with established businesses looking to expand.

Lake Region State College already works closely with the Lake Area Career and Technology Center and there is potential to create additional opportunities in high-demand career and tech programs. Funds to expand career academies like the one located here in Bismarck would create more options for students.

Our graduates are successful! Both our Nursing and Peace Officer graduates pass their licensure exams at rates much higher than national averages. The national average first-time pass rate on the practical nurse exam in 2017-2018 was 85.45 percent. Lake Region State College's first time pass rate was 93.55 percent. The national pass rate average on the registered nurse exam is 87.80 percent. Lake Region State College's first-time pass rate was 93.94 percent.

As we build partnerships, we also build efficiencies.

- Our Peace Officer Training program is a great example of efficiency. Lake Region State College works with law enforcement agencies throughout the state to deliver a quality product in the four major cities in North

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Dakota as well as at LRSC. Students then have the option of saving the cost of room and board if they can commute to one of these locations.

- The Dakota Nursing Program is a joint program with one director and shared faculty at BSC, LRSC, DCB, and WSC. Instruction is delivered to Mayville, Grand Forks, Minot, Valley City, Rugby, Harvey, Hazen, and New Town.

- The Northern IT Consortium – comprising IT departments at LRSC, WSC, DCB, TMCC, and soon MiSU – jointly delivers common IT courses and specialty IT courses using North Dakota IVN and online delivery methods.

- Lake Region State College, Minot State University, and the North Dakota School for the Deaf/Resource Center for Deaf/Hard of Hearing are collaborating to increase access for deaf or hard-of-hearing individuals. LRSC and MiSU collaborated to develop a BAS in Sign Language and Interpreting studies to meet the need for trained, certified interpreters in North Dakota.

Much of rural North Dakota is threatened by demographic changes including population decline. Northeast North Dakota is still seeing declining enrollment in K-12 schools. Lake Region State College has seen steady enrollment despite the declining population of seniors in high schools in northeast North Dakota, indicating LRSC offers programs that are meeting the educational needs of students and industry in the area.

Lake Region State College stresses collaboration with its sister institutions and economic development partners. Both are needed to have an impact on the growth and retention of population in the northeast region of North Dakota. Earlier stated examples show the variety of partnerships we have with other institutions. The link between economic development and access to education is especially important, because in rural areas, low levels of educational attainment and high poverty are barriers to development that must be addressed simultaneously if the local economy is to thrive.

Here in Devils Lake, a group of businesses has just agreed to a tuition reimbursement program for high school graduates who promise to return and work. It's called 20 by 2020. A business would partner with a young adult who is interested in a one- or two-year technical degree. The business would pay 60 percent of his or her college costs, and Forward Devils Lake, the area's economic development corporation, would kick in another 20 percent. In exchange, the student would agree to work for the sponsoring company for three years.

Lake Region State College is the educational hub of the central region of northeast North Dakota and is vital to addressing the needs for workforce development, to collaboration with economic development for retention of employers, and for developing entrepreneurs and strengthening the sharing of resources with our P16 partners for student educational success. LRSC played a key role in development of the Northeast Educational Services Cooperative Regional Education Association and continues to be an active partner with 23 K-12 school members.

BUDGET REQUEST FOR 2019-2021 BIENNIUM

Our mission for Lake Region State College is to provide quality academic education, vocational/technical training, workforce training, outreach opportunities, and lifelong learning.

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As we look ahead to the next biennium, we have many challenges to our mission. Similar to other colleges in the North Dakota University System, we have the continuing challenge of adjusting to the state's demographic shifts while also developing programming and services to meet the state's emerging needs.

We recognize the budget challenges you are facing. The current funding model for higher education is the most equitable model we have ever used.

State General Fund Appropriations

	2017-19 Base Level	Requested Adjustments	2019-21 SBHE Needs-Based Budget	Executive Recommendation	Difference from 2017-19 Base Level	Difference from SBHE Needs-Based Budget
Campus Operations	$12,700,623	$196,679	$12,897,302	$12,371,772	$(328,851)	$(525,530)
Capital Assets	$ -	$ -	$ -	$ -	$ -	$ -
Plant Improvement Carryover						
Capital Projects – Non-State Funded						
Capital Projects – Non-State Carryover						
Operating Carryover						
Total State General Fund	**$12,700,623**	**$196,679**	**$12,897,302**	**$12,371,772**	**$(328,851)**	**$(525,530)**
Additional Details:						
4%/4% Salary Increases		$489,519				$(489,519)
4%/2% Salary/Benefit Increase						382,895
2019-21 Health Insurance Increase						201,483
Formula Funding Adjustment for fewer SCH		(292,840)				
5% Reduction in Formula Funding Per SCH		-				(620,389)
Total State General Fund		**$196,679**				**$(525,530)**

Special Fund Authority

	2017-19 Base Level	Requested Adjustments	2019-21 SBHE Needs-Based Budget	Executive Recommendation	Difference from 2017-19 Base Level	Difference from SBHE Needs-Based Budget
Campus Operations	$24,111,092	$883,417	$24,994,509	$25,021,443	$910,351	$26,934
Capital Assets						
Plant Improvement Carryover						
Capital Projects – Non-State Funded						
Capital Projects – Non-State Carryover						
Operating Carryover						
Total Special Fund Authority	**$24,111,092**	**$883,417**	**$24,994,509**	**$25,021,443**	**$910,351**	**$26,934**

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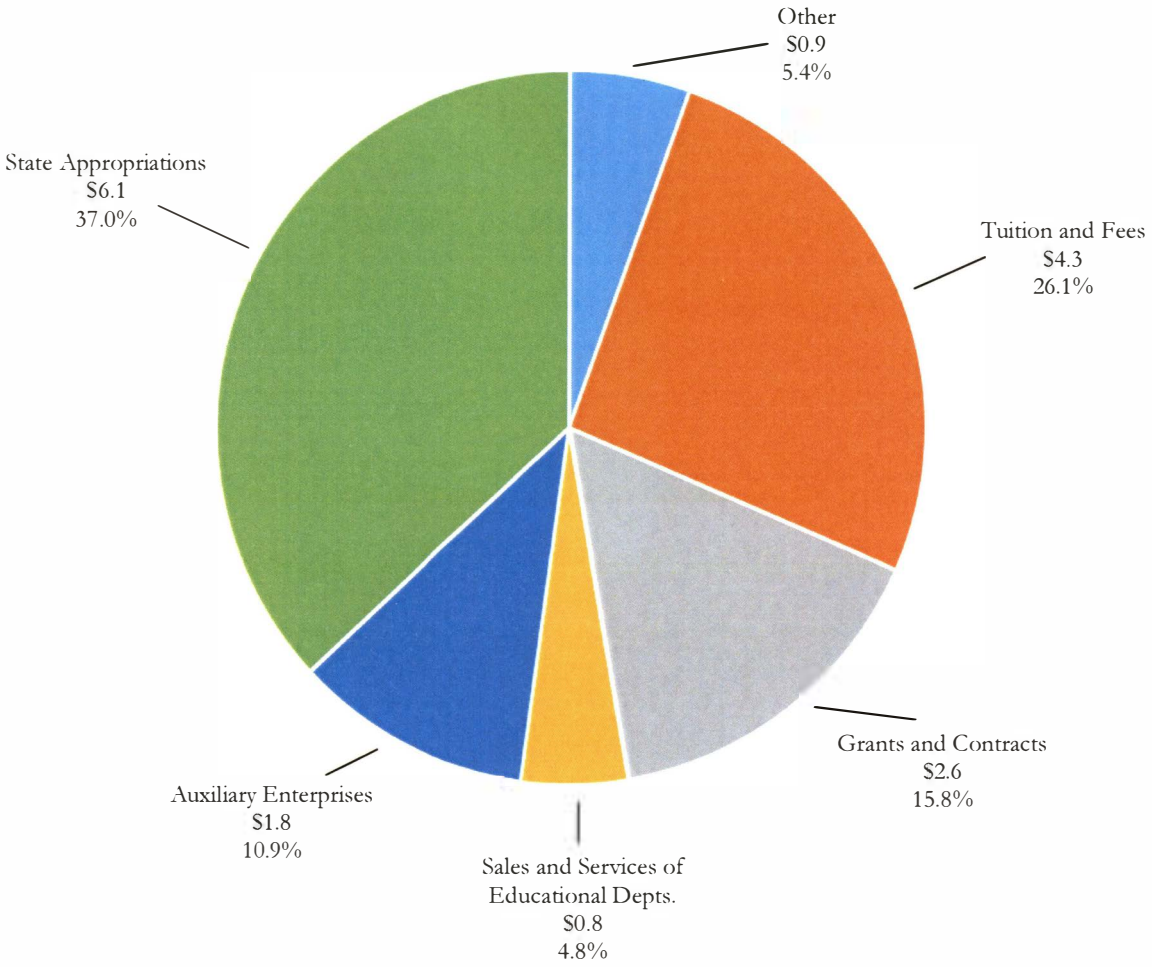
TOTAL REVENUE
(EXCLUDING CAPITAL)

FISCAL YEAR 2018

($ in millions)
Total Revenue: $16.5 million



Source: Audited NDUS Financial Statements, June 30, 2018

Auxiliary Enterprises are the self-supporting activities of the campuses, such as bookstore, food service and housing.

Sales and Services of Educational Departments includes revenues related incidentally to instruction, research, public services and revenues of activities that exist to provide instructional and laboratory experience for students and incidentally creates goods and services that may be sold to students, faculty, staff and the general public. Examples are advertising in campus publications, fees for conferences organized by the institution and ticket sales for campus theatrical and musical events.

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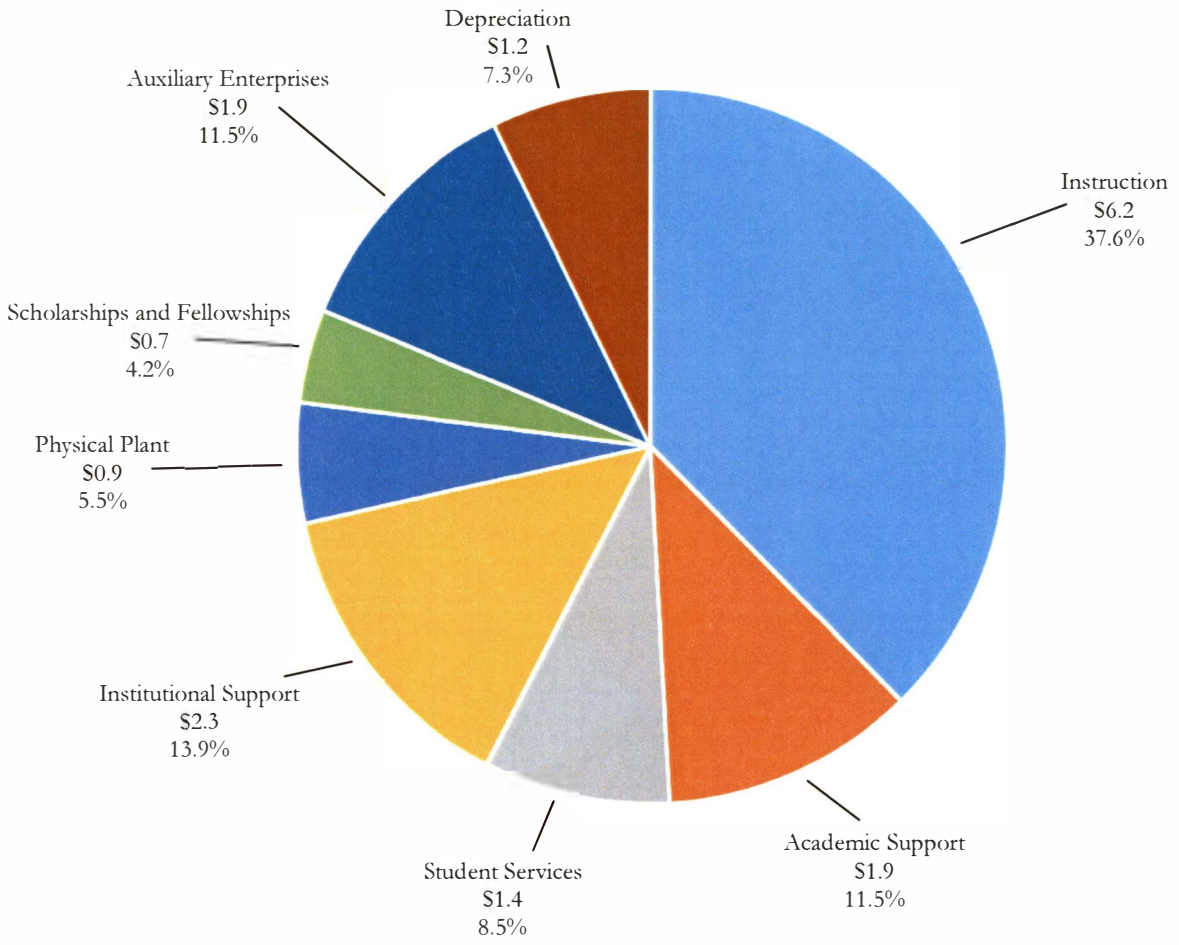
OPERATING EXPENSES BY FUNCTION
(EXCLUDING CAPITAL ITEMS AND OTHER NONOPERATING EXPENSES)

FISCAL YEAR 2018

($ in millions)
Total Operating Expenses: $16.5 million



Source: Audited NDUS Financial Statements, June 30, 2018

The **instructional function** includes expenses related to instruction (e.g. classroom, distance and continuing education) and instructional support. **Academic support** includes libraries, academic deans, and other departments that directly support the academic unit of the campuses. **Student services** include offices that provide a specific service to students, including career services, registration, admission and counseling. **Institutional support** includes staff that supports the institution as a whole (e.g. business office, IT support and president's office). The **physical plant function** includes upkeep, maintenance and utilities for campus facilities. **Scholarships and fellowships** include aid provided to students. Auxiliary enterprises are the self-supporting activities of the campuses, such as bookstore, food service and housing. **Depreciation** represents the non-cash expense of capitalized assets over time. **Public service** includes activities established primarily to provide non-instructional services that are beneficial to individuals and groups external to the institution. The **Research function** is activities specifically organized to produce research.

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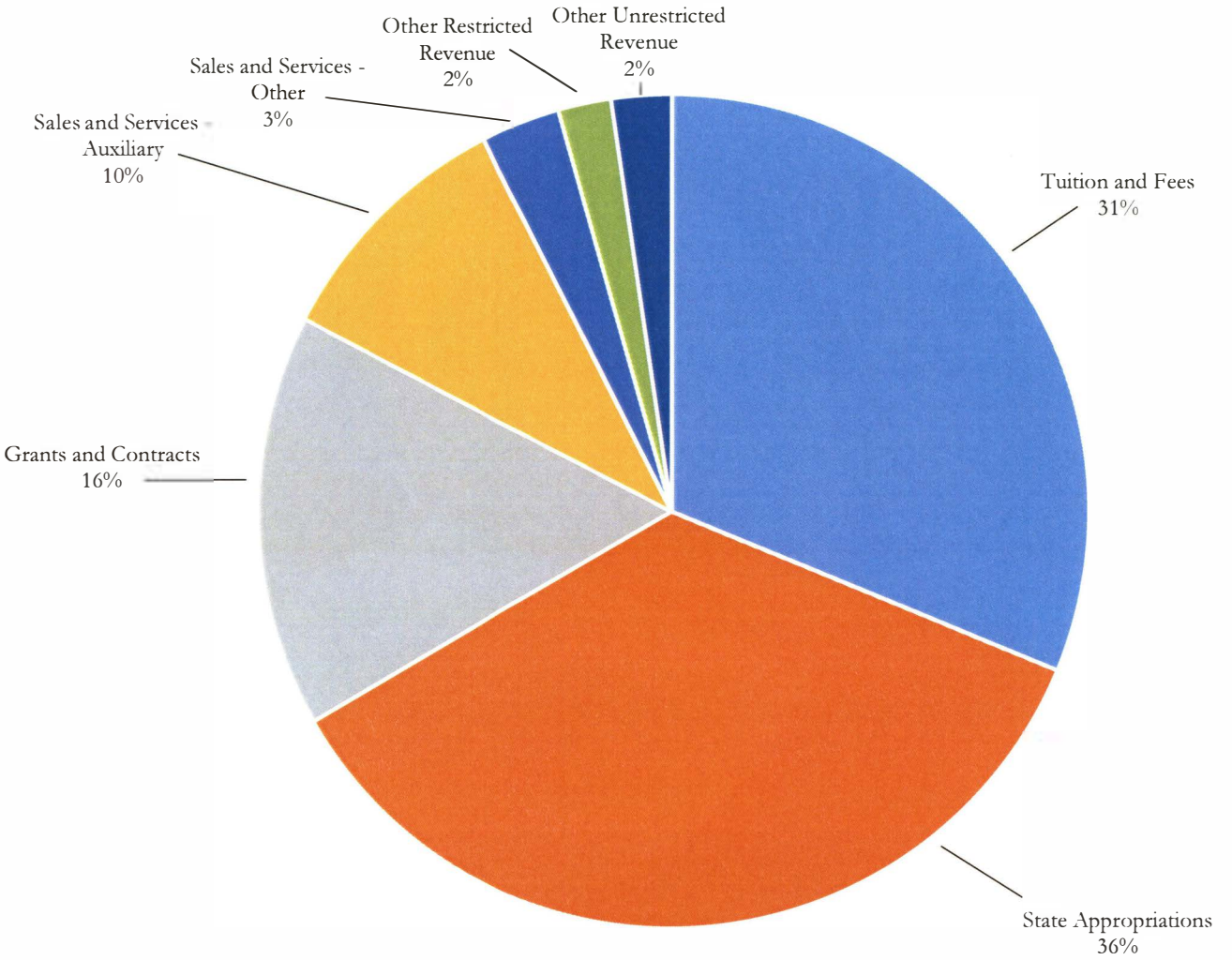
FISCAL YEAR 2019 OPERATING REVENUE BUDGET
(INCLUDING APPROPRIATED AND NON-APPROPRIATED SOURCES)



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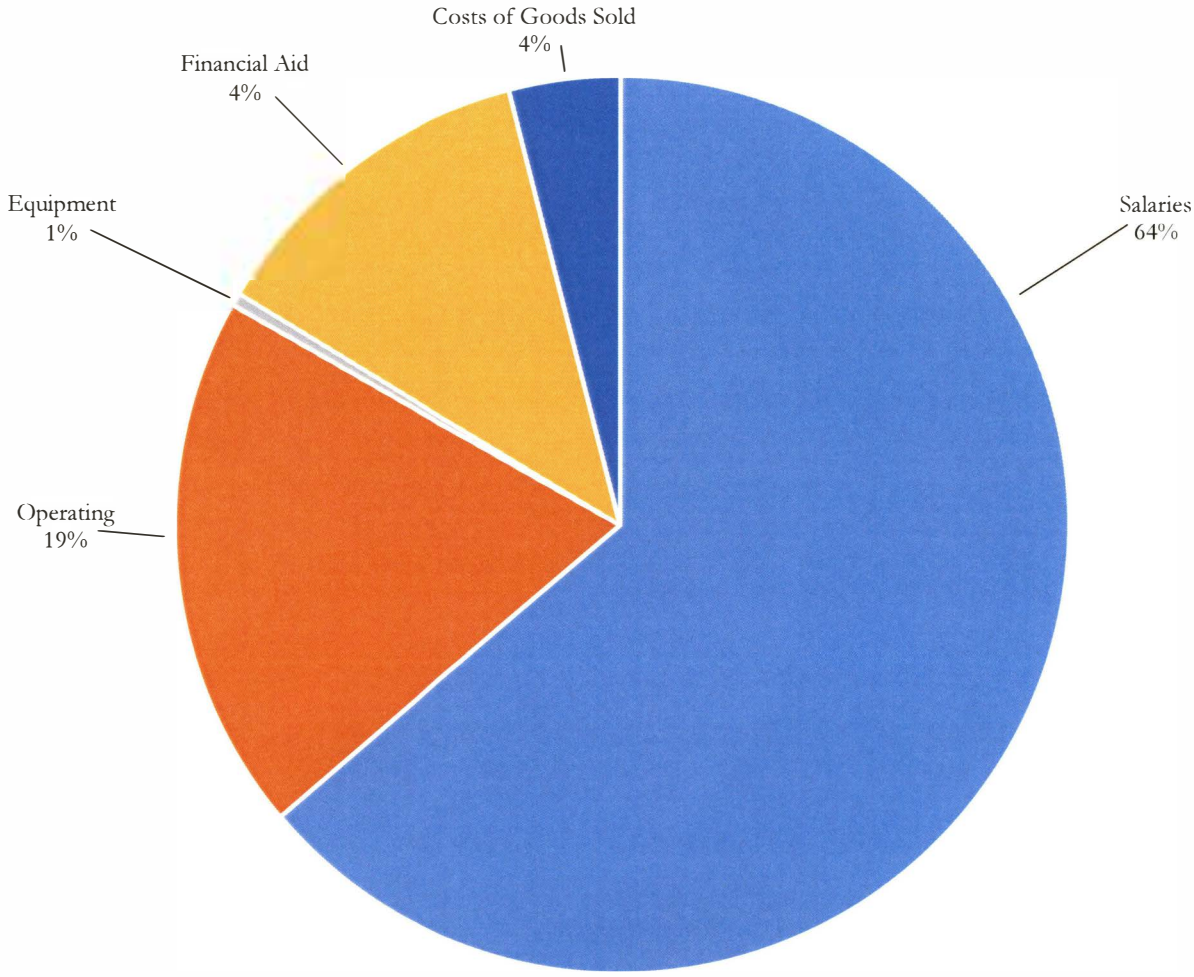
FISCAL YEAR 2019 BUDGET BY EXPENDITURE TYPE
(INCLUDING APPROPRIATED AND NON-APPROPRIATED EXPENSES)



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AUDIT

No reportable audit findings.

ENROLLMENT

Fall Enrollment Census

	2017	2018
Total Headcount:	1,972	**2,072**
Total Full Time:	527	**538**
Total Part Time:	1,445	**1,534**
Total Credits:	14,920	**15,077**
Total FTE:	994.65	**1,005**
Total Men:	896	**893**
Total Women:	1,076	**1,179**

Credits by Location

Devils Lake Campus	39%
Dual Credit	15%
IVN	3%
Online	28%
GFAB Center	11%
Launch!	2%
Nursing Off Campus	2%

Lake Region State College

Fall 2018 was a record year for LRSC. A segment of our college mission is to provide quality academic education. Enrollment information for Lake Region State College) compares this fall enrollments to enrollments of past years. Strong enrollment means students are discovering the great opportunities LRSC has to offer, but enrollment growth also presents serious challenges to campus resources, from classroom space to infrastructure, to personnel.

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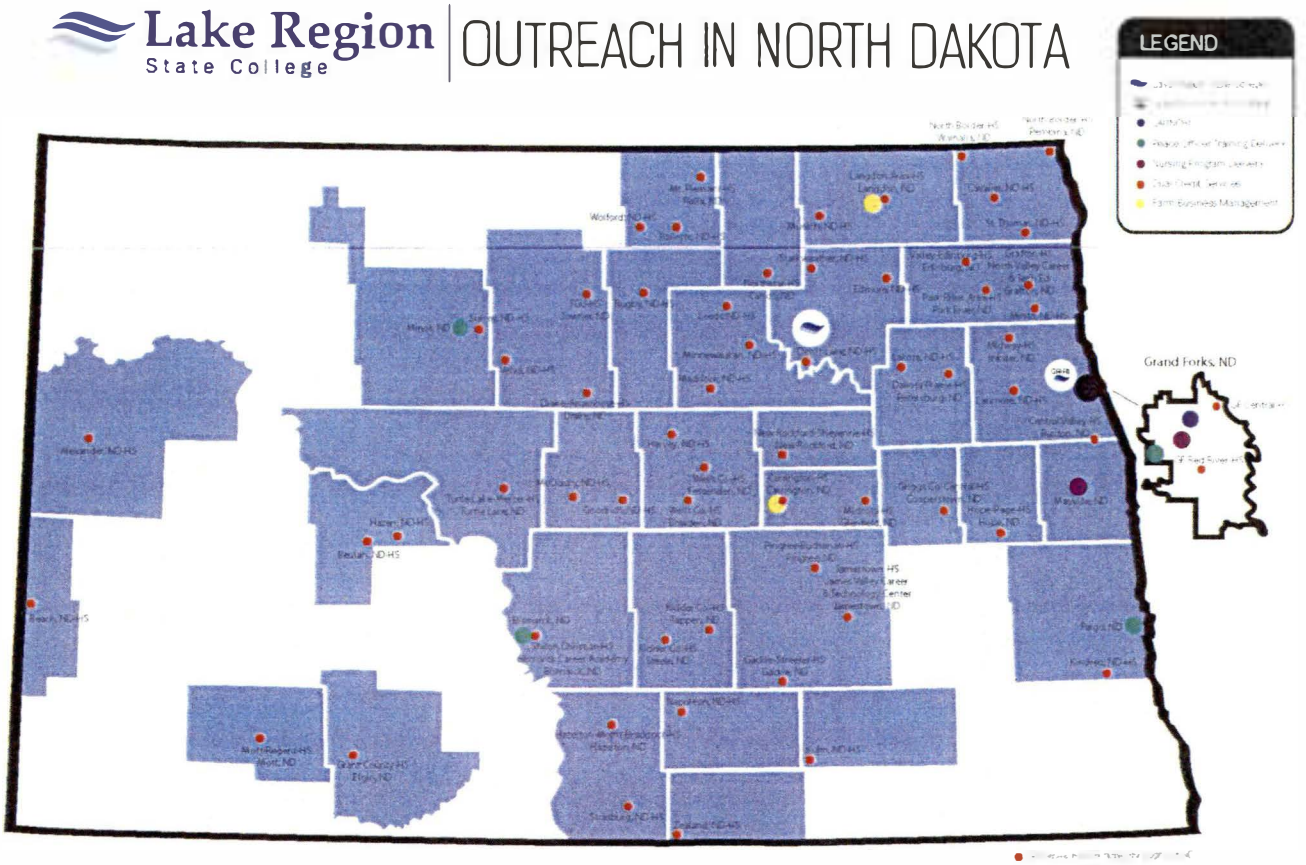
LRSC OUTREACH



Although the number of schools we work with has increased, the overall number of students enrolled has remained comparable to last biennium. These courses serve two purposes; they simultaneously count toward high school and college graduation requirements. LRSC delivers dual credit courses to the schools that are indicated by the small red dots on the above map. The larger dots represent various programs we currently deliver on site, incurring additional delivery expenses for renting space and employing faculty and staff to deliver in-demand programs to Fargo, Grand Forks, Langdon, Mayville, and Minot.

Lake Region State College is a vital part of Devils Lake and the northeast sector of North Dakota area providing economic and quality-of-life opportunities for residents. LRSC benefits the community significantly. It has high-quality programs that are versatile and provides several different avenues of opportunity. Without LRSC, the communities in the northeast sector would lose students to other communities or states. North Dakota would have a less educated workforce and a less informed citizenry with fewer opportunities for economic development projects and improvements to the community.

Lake Region State College continues to have a positive economic impact on the region. In fiscal year 2015, the college showed an economic impact of $60.6 million compared with $59.4 million in fiscal year 2012. Increased retail trade activity spurred by LRSC was estimated to be $14.7 million in fiscal year 2015, up from $13.9 million in fiscal year 2012.

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Appendix A

Quick Data
Fall 2018
Lake Region State College

ENROLLMENT

PROGRAM ENROLLMENT

	Fall 2015	Fall 2016	Fall 2017	Fall 2018
Liberal Arts (AA/AS)	234	244	245	238
Adult Farm Management	51	39	57	82
American Sign Language	9	13	10	16
Automotive Technology	14	17	27	20
Business Administration	62	54	52	56
Early Childhood Education	33	29	27	27
Fitness Trainer Technician	13	19	19	19
Information Technology	11	10	9	12
Law Enforcement/POTP	64	64	54	39
Marketing	11	9	9	8
Nursing, ADN	40	37	46	55
Nursing, LPN	77	101	105	111
Precision Agriculture	45	33	37	37
Simulation Technology	19	10	17	28
Speech Language Path Para	10	13	8	3
Wind Energy Technician	12	17	17	19

FALL HEADCOUNT ENROLLMENT

Official census student headcount enrollment

	2015	2016	2017	2018
Full Time	535	501	527	538
Part Time	1,383	1,446	1,445	1,534
Total	1,918	1,947	1,972	2,072

FULL-TIME EQUIVALENCY (FTE)

Fall 2015	Fall 2016	Fall 2017	Fall 2018
980.45	971.40	994.65	1,005

UNDUPLICATED HEADCOUNT

Summer '17, fall '17, spring '18; end of semester

2014-15	2015-16	2016-17	2017-18
3,157	2,996	2,866	2,964

DEMOGRAPHICS

RESIDENCY

Students from in state	83%
Students from out-of-state	15%
International students	2%

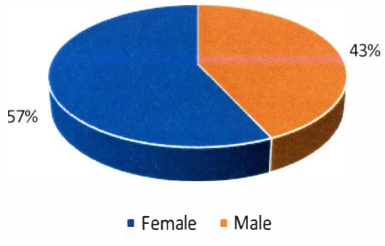
TOP 3 STATES FOR RESIDENCY

North Dakota	1,722
Minnesota	173
CA, CO, SD	11

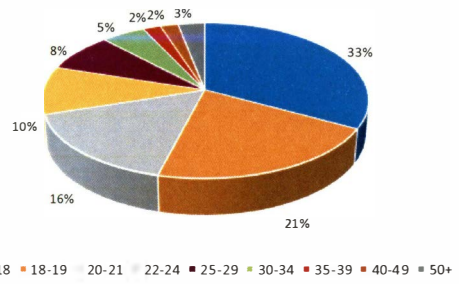
ENROLLMENT BY ETHNICITY

White	1,637
Black or African American	69
Non-resident Alien	66
Hispanic/Latino	85
Two or more races	97
American Indian or Alaska Native	46
Asian	20
Native Hawaiian or Other Pacific Islander	4
Unknown	48

ENROLLMENT BY GENDER



ENROLLMENT BY AGE



Note: Demographic data represents all undergraduates, including full-time and part-time, degree-seeking and non-degree seeking, for Fall 2018.

ACADEMICS

CREDITS BY LOCATION

	Fall 2015	Fall 2016	Fall 2017	Fall 2018
Devils Lake	38%	36%	40%	39%
Dual Credit	16%	18%	17%	15%
IVN	1%	2%	1%	3%
Online	22%	25%	26%	28%
GFAFB	17%	13%	12%	11%
Launch!	3%	3%	3%	2%
POTP & Nursing off Campus	3%	3%	1%	2%

AVERAGE ACT SCORE

2016-2017 enrolled freshmen

Composite	18.9
Math	19.1
English	17.1
Reading	19.2
Science	19.6

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DEGREES AWARDED

July 1, 2017 through June 30, 2018

Associate	215
Diploma/Certificate	127

TOTAL CREDITS GENERATED

Fall 2018	15,077
Fall 2017	14,920
Fall 2016	14,571
Fall 2015	14,708

PLACEMENT RATE

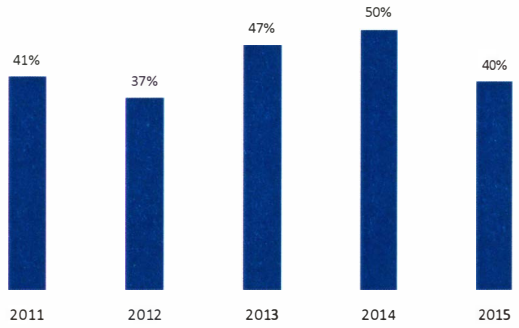
2016-2017 graduates; all programs

98%

GRADUATION AND RETENTION

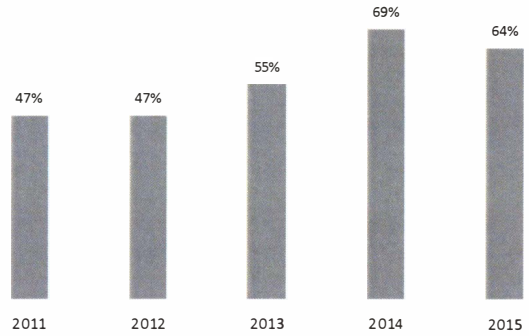
GRADUATION RATE (IPEDS)

Full-time, first-time; graduating within three years of beginning a program.



STUDENT ATHLETE GRADUATION RATE

Full-time, first-time; graduating within three years of beginning a program.



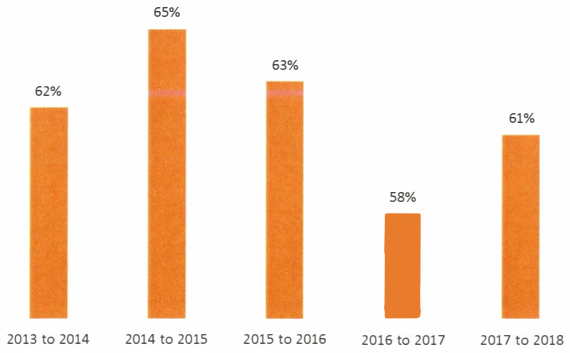
GRADUATION RATE (SAM)

Full-time and part-time, first-time-at-institution (first-year and transfer); graduating within six years of beginning a program.



RETENTION RATE

Full-time, first-time; fall to fall retention.



Revised 12/13/2018

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Appendix B

LRSC QUICK FACTS

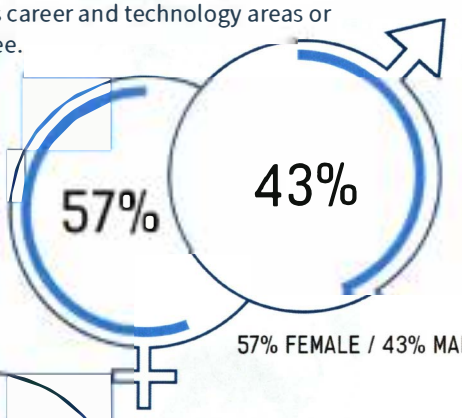
Get introduced to exciting possibilities that will direct you to a great career. Lake Region State College will help lead you to a high demand job in various career and technology areas or start you on the road to earning your bachelor's degree.



OVER 1,900 STUDENTS
on-campus, online & outreach campuses



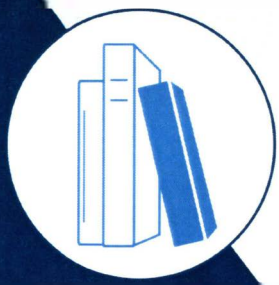
STUDENT:FACULTY RATIO
average class size



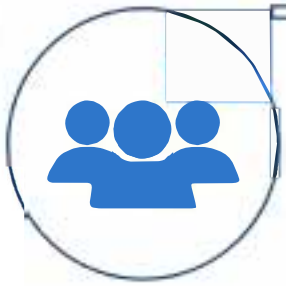
57% FEMALE / 43% MALE



With a mission to serve the nigher education needs of northeast North Dakota, our great programs and serv ce to students, LRSC also draws students from **31 STATES & MANY COUNTRIES** including: Australia, Canada, Germany, Japan, New Zealand, United Kingdom of Great Britain, Oman and Saudi Arabia.



17 PROGRAMS OF STUDY
Start almost any bachelor degree at LRSC – earn an associate's degree and transfer to a university or choose from our technical programs and enter in demand careers in two years or less.



10+ CLUBS & ORGANIZATIONS
Student Senate
Royal Ambassadors
DECA
Phi Theta Kappa
LRSC Playmakers
CRU
Sim Club
& more...



5 NJCAA DIV I & DIV II TEAMS
Baseball
Men's basketball
Softball
Volleyball
Women's basketball

ANNUAL COST

www.fafsa.gov [LRSC school code: 002991]

$4,475	+ 5,830	+ 1,000	= **$11,305**
Tuition & Fees	Room & Board (double room & 10 meals per week)	Books (approx.)	2018-2019 Annual Cost

PROGRAMS

-Associate in Arts
-Associate in Science
-American Sign Language & Interpreting Studies
-Automotive Technology
-Business Administration (Accounting/Management/Marketing)
-Early Childhood Education
-Fitness Trainer Technician
-Information Technology
-Law Enforcement
-Marketing
-Nursing
-Peace Officer Training
-Precision Agriculture
-Simulation Technology
-Speech Language Pathology Paraprofessional
-Wind Energy Technology

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MORE FACTS...



$20,108
savings

Regional College Cost Sheet 2017-2018 by Bank of ND. Costs include an average of tuition, fees, books, room & board.

APPLY TODAY!

IMPORTANT DATES

CAMPUS PREVIEW DAYS
October 18, 2018
October 19, 2018
April 13, 2019

REGISTRATION DAYS
April 25, 2019
June 20, 2019
July 16, 2019
August 13, 2019

ACT TEST DAYS
September 8, 2018
October 27, 2018
December 8, 2018
February 9, 2019
April 13, 2019
June 8, 2019
July 13, 2019

CAMPUS VISITS

A tour at Lake Region State College is the best way to see that our campus meets a student's needs. Students enjoy the comfort and convenience LRSC provides on its accessible campus. At Lake Region State College, student success is our priority. A personalized campus visit will give you the opportunity to visit with students, faculty, and staff. See first hand that the close-knit atmosphere of Lake Region State College and the college's friendly staff demonstrate a student-first environment.

SCHEDULE A TOUR...Visit Our Campus...BECOME A STUDENT!
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Lake Region
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Major Capital Projects Request

Project: Dakota Precision Ag Center

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LRSC DPAC (Dakota Precision Ag Center) FACILITY REQUEST: KEY POINTS

Space will be used to advance a specific program or activity that is a high priority of the state.

Agriculture is a leading economic engine of not only the Devils Lake region but of the state as a whole. Those who wish to succeed in agriculture or the businesses that serve it need to adapt to constant changes. Students in the Dakota Precision Ag Center at LRSC prepare to successfully navigate and remain on the leading edge of those changes. Those who return to the family farm possess the skills needed to compete in a very competitive marketplace. Those who enter into other agribusinesses that support the local farming operations will understand how to utilize current technology to keep these North Dakota businesses thriving.

Our enrollment is comprised almost entirely of North Dakota students and our placement is almost entirely in North Dakota positions. The majority of our students enter the workforce upon program completion but we have also developed articulation agreements to facilitate students' goals to continue their education at a North Dakota four-year college or university.

Project meets a compelling programmatic or accreditation justification consistent with campus mission and strategic goals.

Lake Region State College revised its agricultural programming in 2012 after receiving a $2.9 million Trade Adjustment Assistance Community College and Career Training (TAACCT) grant from the US Department of Labor. LRSC developed its highly successful Precision Agriculture Technician Program and that program has already reached its 40-student program capacity. The Farm Business Management Program, housed in the same facility, serves 130 farm and ranch operations and has close ties to the Precision Ag Technician Program. Besides the regular classroom instruction required, Precision Ag students obtain real-world exposure to the technologies on equipment brought into the shop. Unfortunately, the current overhead door is not large enough to accommodate air seeders, tillage applicators, nor combines lacking foldable hopper extensions. LRSC collaborates with local dealerships to provide them the use of our rented facility for training purposes; in return, they allow our students to be included in their training on the latest technologies. Limiting factors in our training include the condition of our rented facility, the size of the equipment we are able to accommodate and the off-campus location. LRSC promotes a small campus, family atmosphere but the students in the Precision Ag Program are less likely to be involved on-campus because of their current location.

Project is necessary based on clearly demonstrated condition of existing space.

LRSC leases an 11,500 sq. ft. former farm implement building nearly two miles north of campus to house the Precision Agriculture Technician Program and the Farm Business Management Program. In addition to direct training activities, the Precision Ag Program hosts several events with its many business partners and TrainND throughout the year. The facility is substandard for many reasons including the following:

- Aging facility is not well-suited for educational purposes
- Lack of mechanical infrastructure for adequate indoor air quality
- Inadequately insulated
- Bottom tin has rusted away in spots leaving the outside visible from the inside
- Concrete has shifted leaving the thresholds before the doors in poor shape
- Unpaved lot is a mess anytime it rains which makes it difficult to keep the floors clean
- The shop is poorly lighted and is grease stained
- Septic system has been overwhelmed during special events as the facility is not connected to either the city or the rural sewer system
- The owner retains, and utilizes, his right to store stuff on the property
- A slough and CRP are located within 1000 feet to the east and even with monthly EcoLab service we are constantly fighting rodent infestations

LRSC does not believe it is reasonable to continue to invest in an off-campus, leased facility that is inadequate to serve the needs of extremely viable programs. On-campus facilities do not have enough room nor do they contain proper shop facilities to handle the Precision Ag Technician Program and the Farm Business Management Program enrollments. LRSC considers constructing a proper on-campus facility and relocating these two programs a top priority.

Project addresses current life, health, and safety issues.

The leased facility is not connected to the city sewer system; an aging septic and drain field system are still utilized and are sometimes overwhelmed by special events. 100 feet to the east is slough grass that stays too wet to maintain making rodent and pest control extremely difficult. We constantly deal with mice, and occasionally rats. 100 feet beyond the grass is a 4,500 sq. ft. cattail slough full of seeds/fuzz that blow into the building every fall. To the northeast, less than 1,000 feet, is a feedlot handling several hundred cattle.

The facility is nearly two miles north of campus requiring students (30 -40 vehicles) entering ND Hwy 20 with a left turn in a 40 mph zone from campus then making a right hand turn off of Hwy 20 in a 65mph zone with no turning lane. When leaving, students turn left onto Hwy 20 in a 65 mph zone and exit back onto campus with two options: turn into the residence hall entrance with no turning lane or enter the main campus with a turning lane. Students may do this 2-5 times a day. Other universities may require students to drive from class A to class B but probably not by entering into a 65mph zone multiple times a day.

Since this is a rented facility off-campus, we have not been able to take advantage of tying into the main campus security upgrades including electronic locks on exterior doors and security cameras. Parking lot lighting is also inadequate.

Project addresses an urgent infrastructure need.

Already explained above.

Future Operating/Improvement costs and funding sources.

Operating costs will decrease for several years because utility costs on the main campus are considerably less than the utility costs incurred at the off-campus location. Custodial services will decrease when the gravel parking lot is eliminated. Physical Plant staff will no longer need to drive equipment to an off-campus location to remove snow.

Project addresses significant deferred maintenance.

The current rented facility is in high need of updated maintenance to the roof, air handling, windows, doors, signage, parking lot, sewer, exterior paint and flooring. The cost of major repairs will be passed through to LRSC in the form of increased lease payments.

Project fosters the consolidation of services or enhances operating efficiencies.

Collaboration between Precision Ag Program and other programs is hampered by being offsite. An on-campus facility will allow strong collaboration with our Marketing and IT programs and will make it easier for liberal art students to enroll in agriculture classes as electives.

Source and Availability of Funds.

State appropriations are requested for this facility.

Lake Region State College

Dakota Precision Ag Center

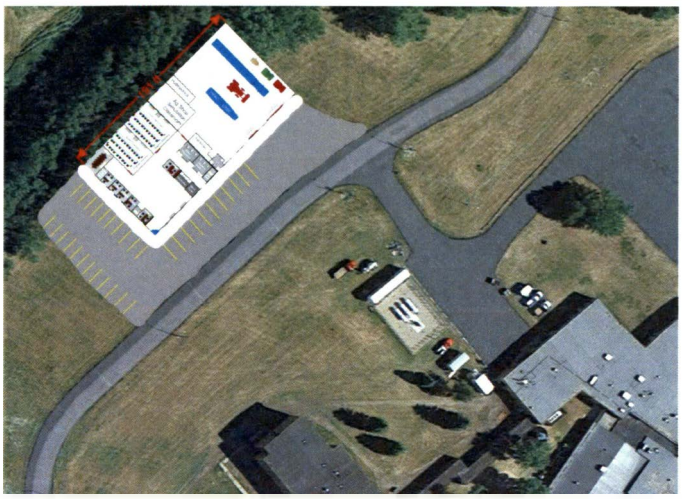

Image 1: Located northwest of Gilliland Hall.

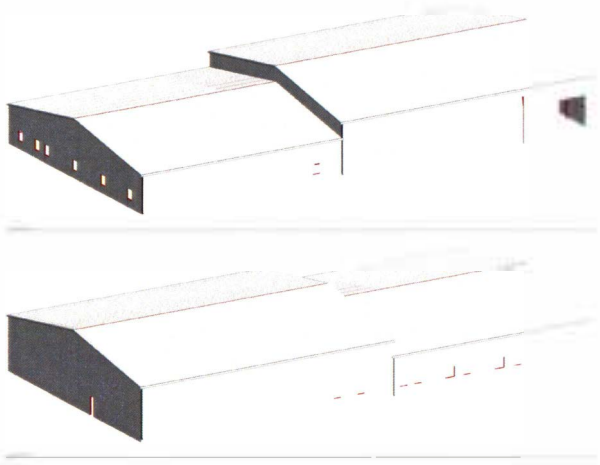

Image 2: Outside structure of proposed Dakota Precision Ag Center.

Space Includes:

- Classrooms
- Shop
- Simulation Classroom
- Tool Room
- Offices

TOTAL PROJECT BUDGET	
GENERAL CONDITIONS	$111,980
SITE and PARKING	254,565
BUILDING SHELL	802,920
BUILDING FINISHES	339,705
MECHANICAL and ELECTRICAL	927,821
TOTAL BASE BID	**2,436,991**
CM COSTS 5%	121,851
CONTINGENCY	127,944
A/E FEES 7%	188,078
ESCALATION THROUGH 2020 4%	114,996
OPINION OF COST TOTAL	**$2,989,860**

Scope of Work:

- All required taxes and insurance
- Building permit

Clarifications:

- Finishes to reflect industry standard
- Building 17,000SF
- Pre-Engineered Metal Building figured for Building Shell

Changes Made:

- Reduced building quantities to reflect a 17000SF building
- Reduced Paving by half
- Deducted ACT from Common office area
- Deducted Carpet Tile from Common Office area/ Replaced with Sealed Concrete
- Reduced 18'x25' door down to 18'x16'
- Reduced PEMB Contingency
- Reduced M/E by $5/SF

Alternates:

- Liner Panel in Shop
- Raised Floor in Classrooms
- Mezzanine above Tool Storage
- Brick Wainscot
- Aluminum Storefront in Silo

Exclusions:

- FFE supply and install
- All items not specifically stated above
- Utility usage costs to be paid by owner
- Payment and performance bond

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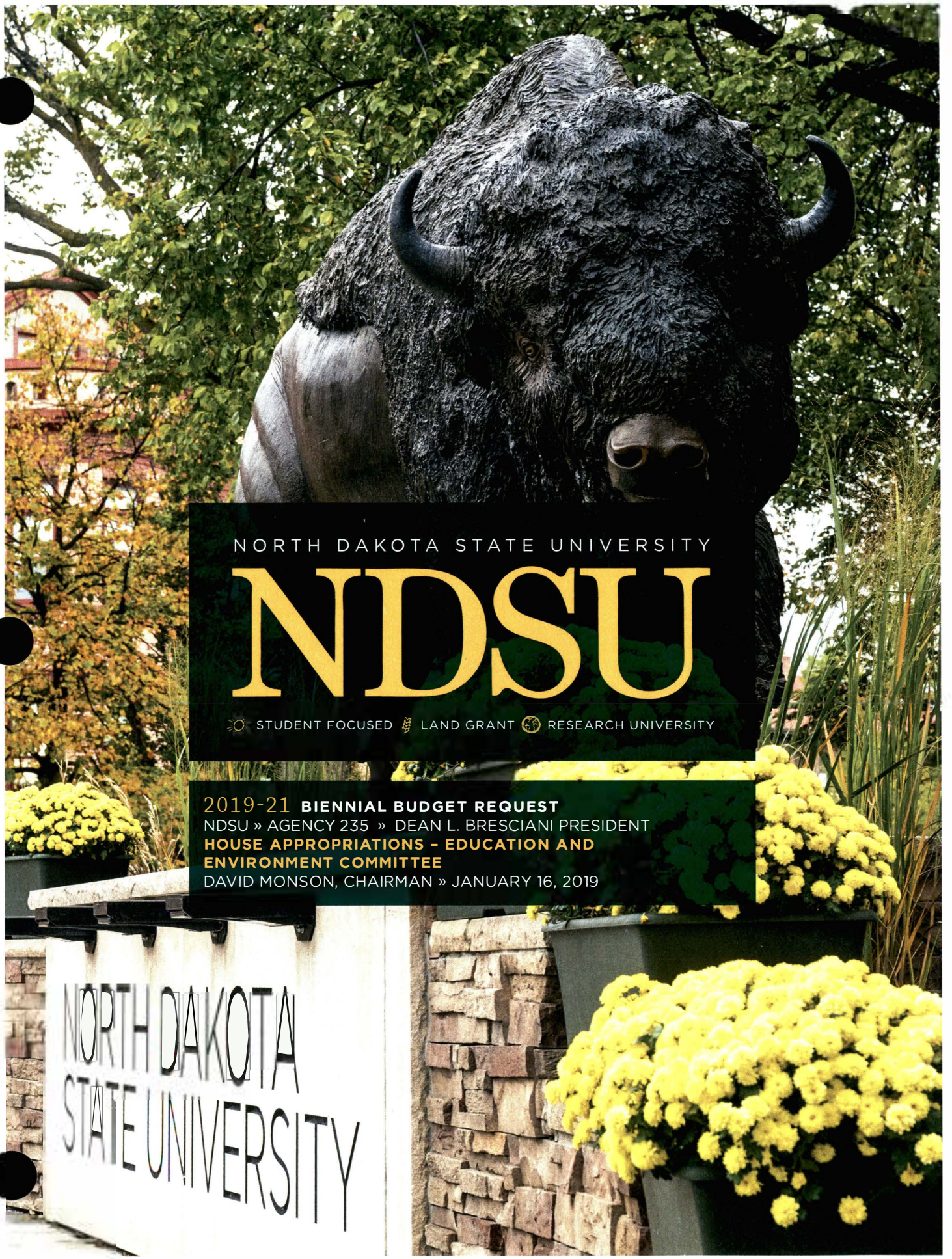

NORTH DAKOTA STATE UNIVERSITY

NDSU

STUDENT FOCUSED | LAND GRANT | RESEARCH UNIVERSITY

2019-21 BIENNIAL BUDGET REQUEST

NDSU » AGENCY 235 » DEAN L. BRESCIANI PRESIDENT

HOUSE APPROPRIATIONS – EDUCATION AND ENVIRONMENT COMMITTEE

DAVID MONSON, CHAIRMAN » JANUARY 16, 2019

www.ndsu.edu/legislators

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North Dakota State University is pleased to submit for consideration this agency review and summary for the 2019-21 biennial budget request.

INTRODUCTION

As the state's land-grant institution, NDSU has a longstanding commitment to bringing educational opportunities and research solutions to the people of North Dakota. Our commitment remains focused on affordable access to a high-quality education for our students and serving state interests in a manner demonstrating sound stewardship and accountability. We are truly a student focused, land-grant, research university.

NDSU's continued success has led to higher national and international visibility, not just for itself but the entire state, and most importantly, more substantial contributions to the success of North Dakota and the nation, at levels never before attained by a North Dakota higher education institution. In fact, NDSU is now the top-ranked college or university in its five state area of North Dakota, South Dakota, Wyoming, Idaho and Montana. That ranking has resulted in demand from both in- and out-of-state students seeking a traditional full-time, residential experience leading to graduation in four years from a rigorous research university environment.

NDSU leads the state in the enrollment of first-time freshmen, and NDSU remains the largest university in the state in terms of overall full-time enrollment. NDSU graduates also enjoy an exceptional job placement rate in their field of study, exhibit a steadily increasing level of residency in the state after graduation, and make record-setting contributions to the state's tax base. From another perspective, the university's success also has led to continued record research and development expenditures, licensing revenues and new business growth, as well as subsequent job creation.

As NDSU continues to evolve and grow, we also continue our commitment to affordability, efficiency and productivity. That commitment is reflected in the success of our students, local and service region communities and the statewide economic interests we serve. We look forward and remain committed to addressing the needs and aspirations of North Dakota by building on our land-grant foundation.

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AGENCY OVERVIEW

Agency Statutory Authority ND Constitution, Section 215, North Dakota Century Code Chapter 15-12

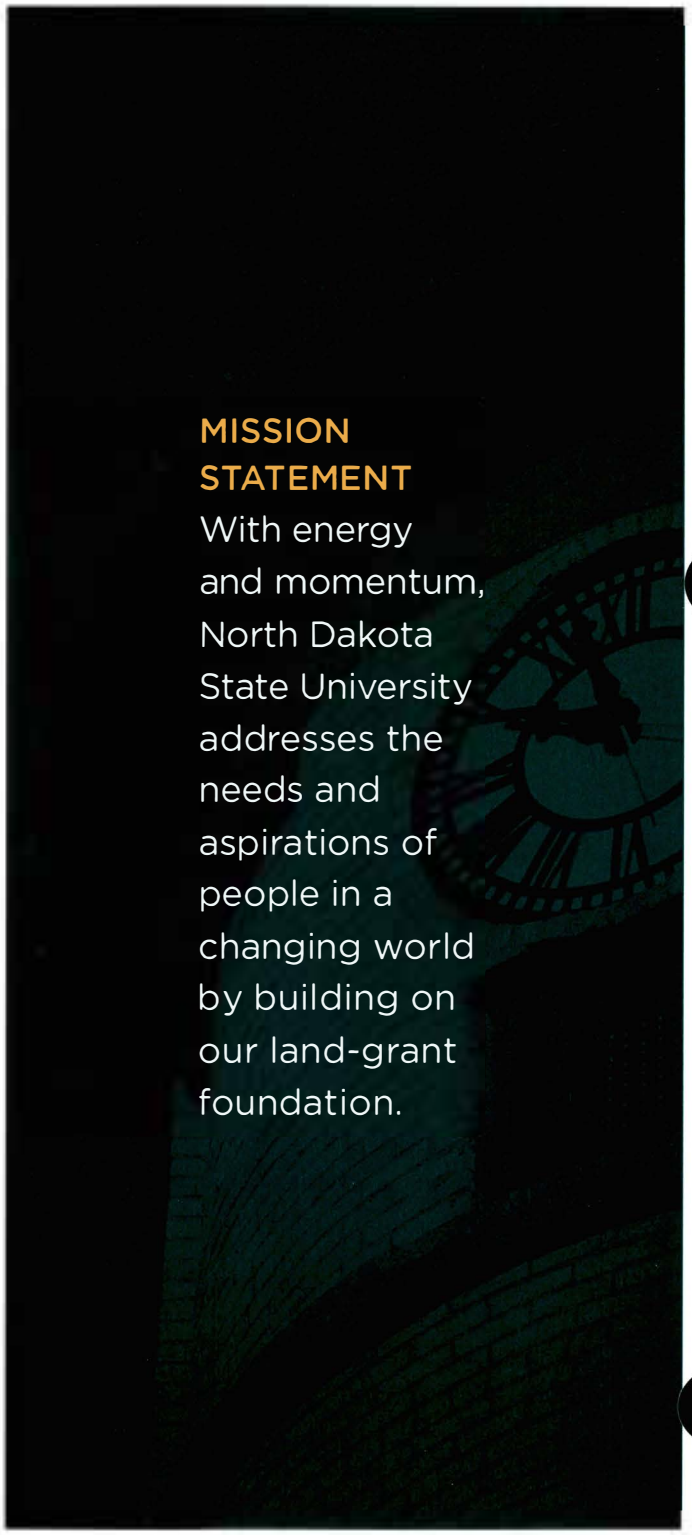
AGENCY DESCRIPTION

North Dakota State University (NDSU) broke into the 'top 100' National Science Foundation (NSF) rankings seven years ago and has steadily climbed into the rankings to now 83rd in the nation with over $156M in research productivity. The National Science Foundation is the only federally coordinated/recognized ranking of the 3500 colleges and universities in the nation. Because of this ranking, NDSU has become the highest NSF ranked institution in its five-state region of ND, SD, MT, WY and ID. Those rankings have opened up a steady progression of new partnerships and funding opportunities with other leading universities, private entities and federal agencies, never before possible for a North Dakota university.

NDSU is proud of its tradition as the state's student focused, land-grant, research institution. It embraces that responsibility as a cornerstone of its future productivity, and the contributions it can increasingly provide to North Dakota and the state's residents, as well as the nation's current and future interests.

The University hosts a large and increasingly diverse student profile and is home for the largest full-time, on campus enrollment in the state's university system. NDSU is located in a vibrant and growing area of the state, and the city of Fargo is regularly cited in national publications as one of the best college towns in the nation, best locations for entrepreneurial business start-ups, and best places for young professionals. The steadily growing metropolitan statistical area (MSA) population of 280,000 is anticipated to see continued growth over the next decade.

The three K-12 school districts in the Fargo-Moorhead area are collectively experiencing net new enrollment growth of over 1,200 students a year—projected to continue for at least eight more years. In partnership with the community and with a growing number of major corporate partners, NDSU has shared a responsibility for creation of an environment that compliments and blends the experiences of its students, faculty and staff with the community in which they live while attending the university.



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AGENCY FUTURE CRITICAL ISSUES

NDSU's productivity and national visibility combined with the attractiveness of the surrounding community and the state's current economic strength have led to strong student demand by both undergraduate and graduate students, scholars and entrepreneurs eager to bring their research and business ideas to an environment that supports their success. Our future strategic focus, recently codified by a comprehensive academic masterplan, is focused toward science, engineering, technology, public health and agricultural fields represented by the STEM disciplines. In order to meet student demand, NDSU's future critical issues are:

- Provide resources to support faculty and staffing of academic areas and support functions while meeting the needs of student demand. Prior to the devastating cuts in budget and subsequently personnel in the last legislative session, NDSU had been able to provide increasing resources to support faculty and staffing of academic areas and support functions while meeting the needs of student demand. In years prior to the recent cuts NDSU had increased its number of academic and teaching staff by over 100, which had resulted in a notable lowering of its student-faculty ratio. The recent cuts eliminated that progress and put NDSU back to its pre-2010 position. That said, NDSU has successfully protected the number of tenure-track faculty positions, which remain approximately the same as before state resource rescissions.

- Continue to provide up to date classroom facilities equipped to meet the educational, technological and physical needs of our students.

- Continue to provide and maintain a safe and secure environment for students, faculty and staff.

NDSU understands its responsibility to evaluate and purposefully consider opportunities for collaboration and to find efficiencies across its academic programs and all other activities. Over the past several years we have undergone a comprehensive strategic planning process to evaluate those areas in which it is best positioned to lead, support, collaborate or contribute to the success of its constituencies.

Additionally, NDSU continues to identify those areas in which it is not best positioned or cannot efficiently lead with excellence in addressing demands of the state and nation, and must support collaboration with or redirection of state necessities to NDUS institutions better positioned to meet such demands.

At the same time, the University has also pursued a number of initiatives ranging from curriculum reviews, and restructuring of tuition, fees and course load expectations to purposeful collaboration with other state post-secondary institutions. Just a few current examples of such collaboration include development of undergraduate and graduate programs with Minot State (social work and human development), and NDSCS (the "Pathways" program, and the establishment of a two-year liberal arts preparatory program in the Fargo area.

AGENCY PERFORMANCE MEASURES

NDUS has adopted several data systems that help incorporate accountability measures and transparent reporting in accordance with the Board's vision and strategic plan. These data systems, including Dashboards, Predictive Analytic Reporting, Strategic Planning Online, and the State Longitudinal Data System, provide public reports on completion and retention rates, semester-by-semester enrollment, peer comparisons, financial aid and tuition, and much more.

Additionally, the publicly available data available throughout the systems provides real-time data to researchers and decision-makers. These analytical tools complement the system's biennial report on its strategic plan, which incorporates the "flexibility with accountability" expectations created in Senate Bill 2003 passed by the 2001 Legislative Assembly.

AGENCY STATUTORY AUTHORITY

ND Constitution Section 215, North Dakota Century Code Chapter 15-12.

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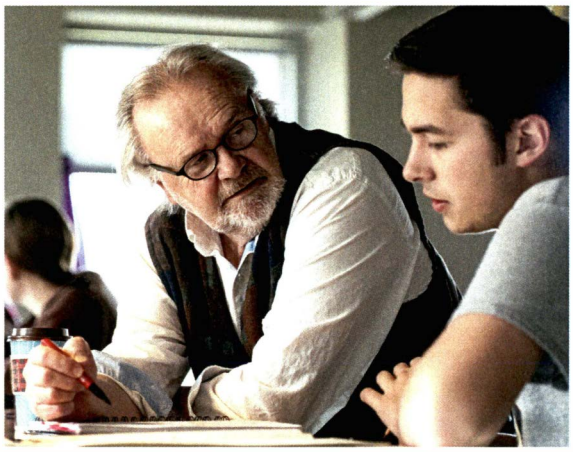
ENROLLMENT OVERVIEW

FALL ENROLLMENT DATA



	FT	FTE
2008	11,004	11,794
2009	11,679	12,577
2010	11,857	12,708
2011	11,675	12,606
2012	11,733	12,704
2013	11,798	12,797
2014	11,917	12,934
2015	11,684	12,834
2016	11,680	12,783
2017	11,768	12,783
2018	11,269	12,394

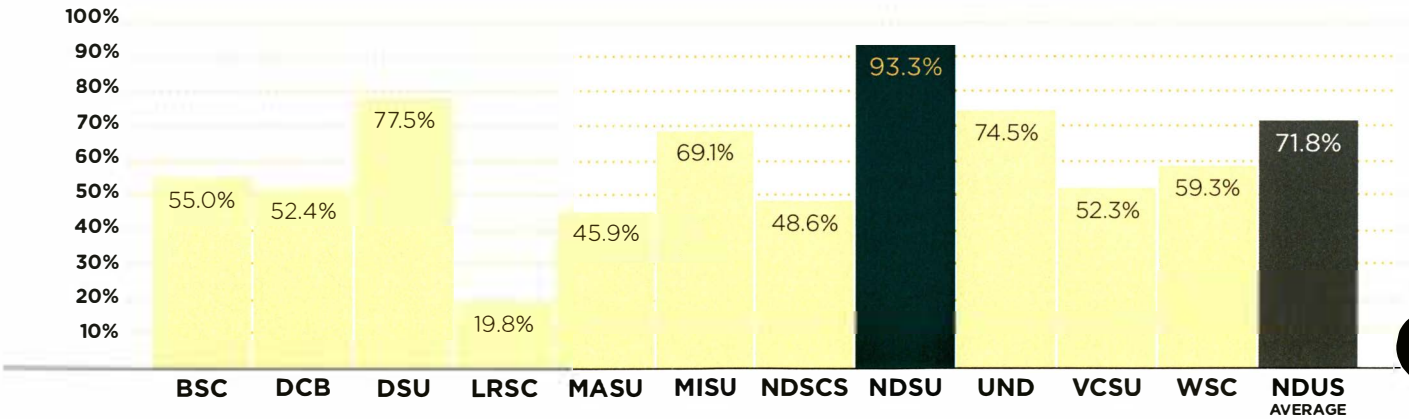
Headcount: All students, regardless of number of credit hours **Full-Time (FT):** Students enrolled in 12 credit hours or more **Full-Time Equivalent**: UGRD student credit hours divided by 15 = FTE; GRAD student credit hours divided by 12 = FTE





FALL 2018 FACE-TO-FACE ON-CAMPUS PERCENTAGES

At NDSU, 12,884 of 13,796 students are face-to-face with faculty in traditional classroom settings.



Method Note: Report NDUH2SRO is used in reporting as it includes ONLY degree credit coursework. Report NDUH2RZ includes non-credit coursework, and thus is not used.

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AGENCY MAJOR ACCOMPLISHMENTS

1. ND's first and only top-ranked research university in the nation based on National Science Foundation.

2. Recently completed, opened and have now "named" a new, state funded 120,000 sq. ft. STEM Classroom building to meet student demand in the science, technology, engineering and math disciplines. The A. Glenn Hill Center has capacity for 4,000-5000 students to cycle through per day.

3. College of Health Professions construction project approved for an addition to Sudro Hall funded with private donations, expected completion during 2020. The 74,000 sq. ft. addition recently was named Aldevron Tower in recognition of Fargo-based Aldevron, the largest producer of DNA in the world. Aldevron Tower will allow for significant expansions of both the College's enrollments and research activities.

4. Catherine Cater Residence Hall, a revenue bond construction project, will allow second year students the opportunity to live on campus, expected completion during 2020.

5. NDSU's has become the North Dakota post-secondary institution of choice for North Dakota high school graduates, and similarly the institution of choice for out of state high school graduates. A majority of NDSU's out-of-state-students are choosing to stay in North Dakota for their first job after graduation and contribute back above state averages to the tax base. Student career outcome rate recently achieved a record 92 percent success with recent graduates reporting eith employment, graduate or professional school, or have chosen to serve in the military.

6. Continued efforts in support of student success through improved sense of welcome and support; study of and implementation of interventions which have successfully led to improved retention and graduation rates; focus on students from historically under-represented populations, veterans, and others; and addressed high risk behaviors and other student issues. Continuing to expand academic collaborations including development of undergraduate and graduate programs representing the most extensive list of collaborative arrangements in North Dakota's 11-campus higher education system. The U.S. Department of Education (DOE) recently released its national loan default rate data for the latest cohort (2015) was 10.8 percent. We're pleased to share that NDSU's default rate was only 3.1%; well below the national norms and a record low for us as far back as we can track.

7. System wide support of academic support functions in IT-based data storage, academic computing (NDSU is the SBHE recognized supercomputing facility for the state), communication, emergency response and support technologies that provide the backbone of many NDUS institutions and the support of their collective academic communities. By blending system resources with the campus-based expertise requisite to major research university environments, NDSU is in many areas best positioned to efficiently provide services to its sister institutions through an increasing number of NDSU shared services. NDSU has been officially named by the State Board of Higher Education as North Dakota's lead institution both for cyber, and high performance computing related strategic initiatives.

8. Planned improvements in three campus-dining centers are underway in the 2017-19 biennium. These projects include the West Dining Center expansion and Residence Dining Center Phase II, projects adds made/cook-to-order stations, display cooking capabilities, authentic meal options and new vent hoods, equipment where needed and food prep areas. All projects are funded using auxiliary local funds.

9. NDSU increasingly enjoys private support and enthusiasm from our alumni, friends, state business leaders and the nation. More than ever they appreciate the critical role NDSU plays in keeping North Dakota high school students in our state, drawing out-of-state high school students to our state, and stimulating the economy while educating our primarily full-time student population and getting them in to our regional work force at a faster pace than our peers. And they've materially offered their support so we can further elevate our performance. To illustrate that point, in 2010 NDSU was enjoying approximately $9 million in annual private giving. Two years ago NDSU hit a record $52 million in private giving, and this past year NDSU hit almost $60 million. This year is on track to top the last, and that will be the springboard for the largest capital campaign in NDSU and likely state higher education history.

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10. Continued involvement with the Research and Technology Park (RTP) and emerging technology firms have created several thousand new jobs, including employment of more than 100 NDSU undergraduate and graduate students. Recent refinancing of two major research facilities will allow for a substantial increase in commercialization activities. The award-winning 55-acre RTP is made up of 19 university, public/private and private tenants engaged in research and development activities which, with linked companies, generate more than $28 million annually through 1,023 on- and off-site full time employees (464 of which are NDSU graduates) and 103 student interns. The RTP includes a business incubator facility consistently operating at maximum capacity with a notable record of successful start-ups. The park has approached build-out and is planning expansion.

11. Solidified NDSU as one of the most successful overall NCAA Division-I athletic programs in the nation. NDSU student-athletes' commitment to excellence helped shine a national spotlight on an athletics program celebrating its NCAA Division I competition. NDSU has for the last several years been one of the top ten winningest overall Division-I athletic programs in the nation, with most teams going to post-season and up to national championship levels of play. The football team alone has with six national championships in the last 7 years, has set a new record in NCAA and American college football history. Construction completed of various major athletic non-state funded facilities, ranging from performance and practice venues through student athlete academic, sports medicine and nutrition centers, which collectively represent the largest collection of proximal indoor event space in a broad multi-state region.







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PROGRAM NARRAVITE

EXPLANATION OF PROGRAM COSTS

Salaries and fringe benefits continue to make up the majority of NDSU's expenses, representing approximately 73% of the University's state educational and general operating expenses in the most recent fiscal year. At NDSU, in order to achieve and sustain the University's viability and recognition as a leading student focused, land-grant, research university, sufficient funding is required for competitive compensation and start-up packages for faculty and staff, along with the capacity to retain those faculty and staff in a performance-based, market driven environment.

Non-salary operating expenses represent the remaining 27% of the state education and general fund operating expenses. NDSU's focus on operational efficiencies allow us to continue to meet student demand of both undergraduate and graduate students, as well as support our ability to attract scholars and entrepreneurs eager to bring research and business ideas to an environment that supports their success.



PROGRAM GOALS AND OBJECTIVES

NDSU is proud of its tradition as the state's student focused, land-grant, research institution. It embraces that responsibility as a cornerstone of its future productivity. NDSU prides itself on the contributions it can make to North Dakota and the state's residents, as well as to the country and world. NDSU continues to excel in providing accessible and affordable education to academically-prepared students. Research productivity has risen significantly; our faculty compete successfully for corporate, state, and federal research grants, and our creative activity is vibrant and diverse.

The program goals and objectives for NDSU are in three major functional areas: academic programs, research and public service. In order to meet these objectives NDSU strives to provide: 1) high quality, best-practice instruction in curricula approved by the State Board of Higher Education to meet student needs 2) community and statewide educational services and on line, distance education programs at the collegiate level 3) a culture of scholarly activity, including research and creative activity. The University's expectation is that research and other scholarly activities will provide vitality and relevance necessary for superior instruction and public service and strengthen North Dakota's economic future. NDSU's strategic vision provides the guiding document for pursuing these objectives and for resource allocation, and it's strategic plan delineates strategies for student success, expansion of the research enterprise, and outreach to the citizens of North Dakota.

In support of these goals and objectives, student services and institutional support is necessary. NDSU must meet the needs of students by providingtraditional and innovative programs to assist in the total development of the student. These efforts support student achievement/academic excellence through career preparation and development. We promote a better quality of life for our students through wellness programs, the provision of alcohol-free social activities, counseling and personal growth opportunities, as well as services for first generation students, veterans, and students with disabilities.

NDSU's institutional support provides administrative leadership and direction of the University academically, economically, and physically; coordinating all institutional affairs and operating guidelines of the University; and ensuring compliance with policies established by the State Board of Higher Education.

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PROGRAM PERFORMANCE MEASURES

NDUS has adopted several data systems that help incorporate accountability measures and transparent reporting in accordance with the Board's vision and strategic plan. These data systems, including Dashboards, Predictive Analytic Reporting, Strategic Planning Online, and the State Longitudinal Data System, provide public reports on completion and retention rates, semester-by-semester enrollment, peer comparisons, financial aid and tuition, and much more. Additionally, the publicly-available data available throughout the systems provides real-time data to researchers and decision-makers. These analytical tools complement the system's biennial report on its strategic plan, which incorporates the "flexibility with accountability" expectations created in Senate Bill 2003 passed by the 2001 Legislative Assembly.



PROGRAM STATISTICAL DATA

NDSU consists of eight colleges: College of Agriculture, Food Systems and Natural Resources; College of Arts, Humanities, and Social Sciences; College of Business; College of Engineering; College of Human Development and Education; College of Health Professions; College of Science and Mathematics; and the College of Graduate and Interdisciplinary Studies.

The programs of study include 51 graduate doctoral programs; 83 master degree programs and professional masters programs (software engineering, electrical and computer engineering, logistical and urban systems); over 100 bachelor degree programs; 1 specialist program (Education Leadership); 18 graduate level certificate programs and undergraduate certificate programs.

The NDSU campus includes over 100 buildings (either owned or fully leased). Additionally, to cope with the exceptional and immediate demand for 'space' on campus, NDSU is leasing space in the Bison Block (immediately on the south side of 12th Avenue, across from Campus) which houses the Bison Information Network (BIN) Television Studio. Lease of the West Building (41,500 sq ft) to house the offices and facilities of the Center Heritage Renewal, the Institute for Regional Studies and University Archives, a warehouse for Facilities Management, and is the location for the monthly State Surplus Auctions. To meet excess space demand, 23,400 sq. feet of space is leased at the Stop & Go development (north side of 19th Avenue and east of University Drive) which currently houses the departments of School of Nursing, Human Resources, Grants & Contract Accounting and Child & Family Services. The College of Health Professions currently leases four separate facilities (totally 14,000 assignable sq ft) off-campus to house the rapidly expanding number of students and attendant faculty, staff, classrooms, labs and other facilities.

Complementing NDSU are 8 NDSU Research Extension Centers representing 18,853 acres and physical assets estimated at over $840M:

- Carrington Research Extension Center
- Dickinson Research Extension Center
- NDSU Main Experiment Station
- Hettinger Research Extension Center
- Langdon Research Extension Center
- Minot North Central Research Extension Center
- Streeter Central Grasslands Research Extension Center
- Williston Research Extension Center

Related agencies:

- North Dakota Forest Service
- Upper Great Plains Transportation Institute

As of Fall 2018, NDSU student enrollment headcount was 13,796 students. There are over 6,000 employees (faculty/staff/regular/temporary/full-time/part-time).

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PERFORMANCE INDICATORS

RETENTION	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
First-year retention	78.00%	80.10%	78.00%	79.60%	79.10%	78.90%
Second-year retention	68.90%	66.90%	68.80%	69.80%	71.99%	71.35%
4 year graduation rate	26.90%	26.80%	32.20%	32.30%	35.00%	37.80%
6 year graduation rate	53.10%	56.10%	53.90%	55.50%	58.00%	57.60%

OTHER INDICATORS

Placement Rate: NDSU will report the percent of students seeking employment within 6 months of graduation. The remaining balance of students are either employed, enrolled in continuing education, or not seeking anything at this time.				6.9% Seeking Employ-ment	8% Seeking Employ-ment	No data available
Percentage of undergraduate advisors using early alert system				32%	42%	No data available
Percentage of undergraduate advisors trained on early alert system				78%	91%	No data available
Student-faculty ratio	18:1	17:1	17:1	17:1	18:1	17:1
Percentage of students participating in high-impact practices			99%		99%	No data available
Percentage of first-year students taking at least 15 credits	64%	65%	73%	73%	79%	83%

NDSU'S FOUR-YEAR GRADUATION RATE IS THE HIGHEST IN THE STATE.





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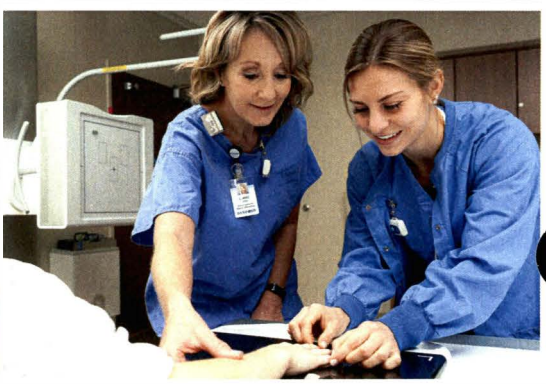
FALL 2018 ENROLLMENT

TOTAL ENROLLMENT	Undergraduate	Professional	Graduate	Total
	11,425	391	1,980	13,796
NORTH DAKOTA	4,986	199	956	6,141
Cass	2,601	120	703	3,424
Burleigh	537	19	65	621
Ward	145	4	22	171
Grand Forks	143	7	10	160
Richland	133	3	21	157
Morton	136	3	17	156
Stutsman	91	1	11	103
Stark	87	4	9	100
Williams	78	4	6	88
Traill	68	3	7	78
Barnes	55	2	10	67
Walsh	59	4	2	65
Dickey	44	4	6	54
Ransom	50	1	2	53
Ramsey	45	1	5	51
Mercer	42	4	2	48
McLean	44		3	47
Sargent	40	1	6	47
Rolette	39	1	2	42
Pembina	35		3	38
McIntosh	28	2	3	33
Emmons	29		3	32
Bottineau	27	1	3	31
Foster	28	2	1	31
McHenry	25		4	29
Wells	29			29
Benson	24	1	1	26
McKenzie	23		3	26
Eddy	23	1	1	25
Lamoure	22	1	2	25
Bowman	22		2	24
Renville	23		1	24
Cavalier	22		1	23
Mountrail	18	2	2	22
Dunn	17	1	3	21
Pierce	20		1	21
Hettinger	13			13
Logan	12	1		13
Nelson	11		2	13
Steele	13			13
Adams	11		1	12
Griggs	10		2	12
Towner	9	1	2	12
Golden Valley	10			10
Grant	9		1	10
Kidder	6		3	9
Divide	7			7
Burke	6			6
Sheridan	6			6
Sioux	6			6
Oliver	3		2	5
Billings	1			1
Slope	1			1
MINNESOTA	5,647	174	357	6,178
OTHER	792	18	667	1,477
TOTAL	**11,425**	**391**	**1,980**	**13,796**



Student-to-faculty ratio: **17:1**





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SHARED SERVICES, COLLABORATIVE PROGRAMS AND EFFICIENCIES

SHARED SERVICES AND EFFICIENCIES:

North Dakota State University, Valley City State University and North Dakota State College of Science (NDSU, VCSU and NDSCS) have been meeting periodically to review how services can be shared across the institutions. Some items currently in place or being implemented include:

- **Human Resources and Payroll:** NDSU is providing the following Human Resources and Payroll services to NDSCS and VCSU, will expand services to DSU and is in conversation with other institutions to provide similar types of services.
  - Benefits entry, HRMS Ben Admin process and benefits adjustments
  - Vendor balancing, payments and reporting
  - Employee taxable expense entry
  - Payroll reconciliations, tax payments, tax reporting, and garnishment processing
  - International Payroll Specialist who monitors and reports proper employment eligibility, work authorization and taxation and E-Verify submissions.

- **Purchasing:** Purchasing staff from the three institutions have been meeting periodically to share procedures and reviewing best practices. Practices being reviewed and implemented include:
  - NDSCS staff reviewed how Surplus Sales are handled at NDSU and implemented the same practice at NDSCS resulting in an estimates savings of 100 hours work annually. VCSU has also reviewed this process and is considering implementing the process.
  - NDSCS uses Perceptive Content for contracts and RFPs and has shared its setup with NDSU. NDSU is implementing Perceptive Content with an intention of sharing contracts and RFPs between the institutions, in addition to processing more efficiently within NDSU.
  - As current contracts expire, the three institutions will review to determine if an RFP can be shared. A primary consideration for sharing an RFP will be determined if the vendor can service the three various locations.

COLLABORATIVE PROGRAMS WITHIN THE NORTH DAKOTA UNIVERSITY SYSTEM:

- **Elementary Education:** Students may attend NDSU and earn an Elementary Education degree from VCSU while simultaneously earning a Human Development and Family Science degree from NDSU.

- **Social Work:** Students may attend NDSU and earn a Social Work degree from Minot State University (MSU) while simultaneously earning a Human Development and Family Science degree from NDSU.

- **Public Health:** NDSU and UND have a cooperative agreement in offering their respective Master of Public Health degrees and certificate programs. Each university has unique areas of specialization, but courses may be recognized and transferred between the universities. A Coordinating Council with membership from each university provides administrative oversight for areas of cooperation. In addition to academic programing, areas of cooperation also include working together to advance the cause of improving health practice in the State of North Dakota.

- **Biomedical Engineering:** NDSU and UND have received approval to offer joint graduate programs in biomedical engineering. These programs will begin being delivered in fall 2017.

- **Pathway Program:** New freshmen not granted admission to NDSU and meeting the minimum ACT sub-score requirement are offered the opportunity to enroll in the Pathway Program through NDSCS-Fargo. Pathway students live in the NDSU residence halls and may take up to 6 credits through NDSU per semester, while taking the remaining classes with their home institution of NDSCS. Students are allowed to transfer to NDSU after successfully completing required academic readiness courses and 24 transferable credits. Pathway students have access to all NDSU services.

- **Collaborative Student Procedure:** NDSU participates in the North Dakota University System (NDUS) Collaborative Student Procedure. Fully admitted undergraduate students in good academic standing are allowed to enroll collaboratively at another NDUS institution, subject to limitations. Students pay all charges for both institutions to their home institution.

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- **Reverse Transfer:** A reverse transfer process allow for credits earned at NDSU to be used towards a two-year degree. A reverse transfer process is in place with NDSCS and is serving as a template for a system-wide reverse transfer process.

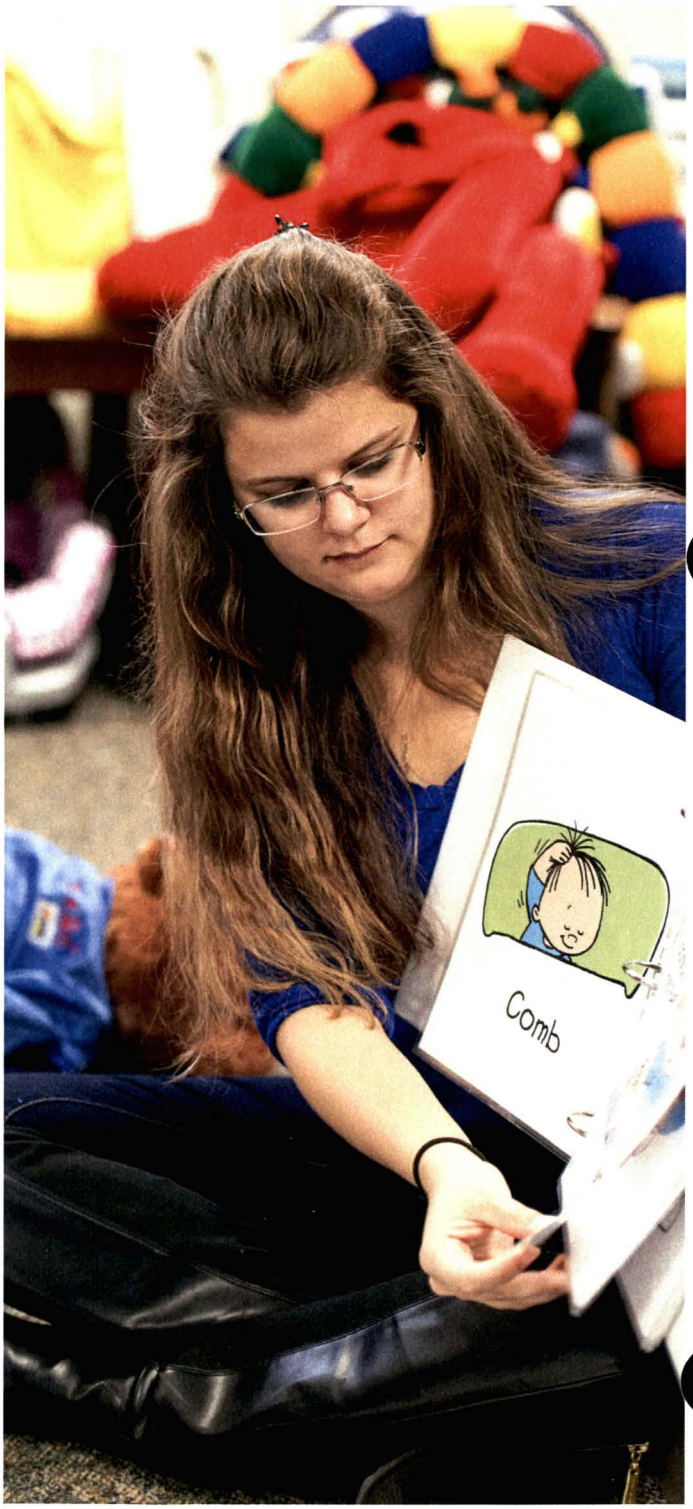
- **Articulation Agreements:** Articulation agreements are designed to improve student access to college degrees and avoid course duplication or loss of credit when students transfer. NDSU participates in the General Education Requirement Transfer Agreement (GERTA) which is an approved set of general education courses that are transferable between NDUS institutions and North Dakota's five tribal colleges. In addition, NDSU has formal agreements with BSC, DSU, LRSC, MSU, NDSCS and VCSU for specific undergraduate programs.

OTHER COLLABORATIVE PROGRAMS:

- **Tri-College University:** Tri-College University (TCU) started as a cooperative agreement between Concordia College, Minnesota State University Moorhead and NDSU. Tri-College University has now expanded to add Minnesota State Community and Technical College and NDSCS. TCU provides for undergraduate course exchange between the institutions.

- **GPIDEA and AG*IDEA:** Great Plains Interactive Distance Education Alliance (GPIDEA) is an academic alliance of 20 public university members that offers fully-online graduate and undergraduate coursework and program options in high demand professional fields. AG*IDEA, an affiliate of GPIDEA offers programs and courses in agriculture disciplines.

- **Sisseton Wahpeton College:** A memorandum of understanding between NDSU and Sisseton Wahpeton College aims to help American Indian students pursue advanced degrees. The agreement's objectives include 1) Providing transitional programs, support services and an articulation agreement for transferring credit to facilitate the transfer of students between the institutions; 2) Developing a faculty exchange program; 3) Identifying collaborative research, scholarship and service-learning projects.



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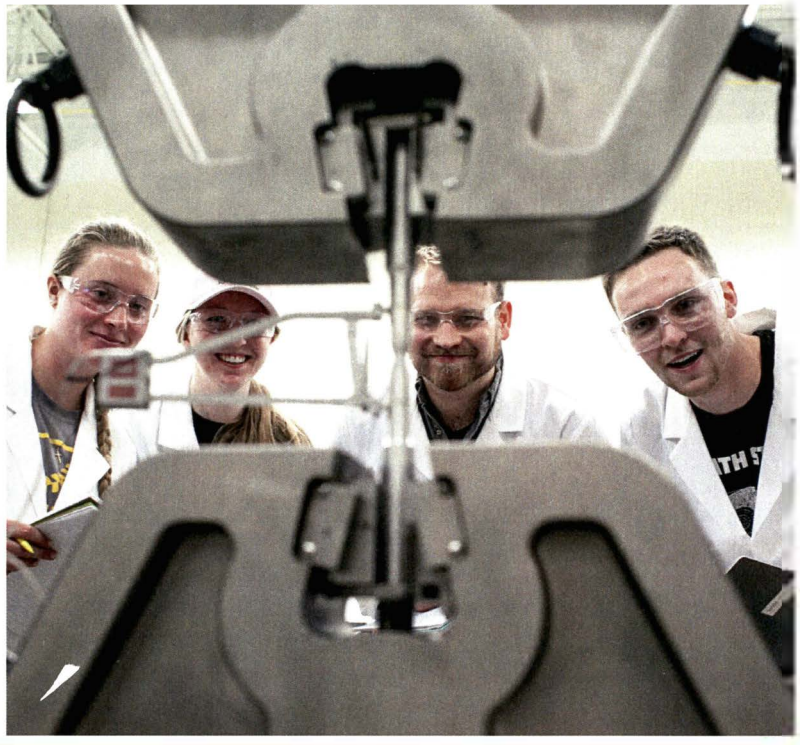
NDSU RESEARCH OVERVIEW

NDSU IS THE HIGHEST RANKING NORTH DAKOTA UNIVERSITY: FOR FY16 (MOST RECENT YEAR AVAILABLE) RANKED 86 AMONG PUBLIC INSTITUTIONS; 124 AMONG ALL INSTITUTIONS. NDSU RANKS 92 FOR NON-MEDICAL SCHOOLS

TOP 100
NSF RANKING

For FY16, NDSU is listed in the top 100 public research universities in the U.S. in these categories:

- Agricultural Sciences (14)
- Natural Resources and Conservation (24)
- Chemistry (85)
- Material Sciences (17)
- Psychology (87)
- Social sciences (54)



Carnegie Commission on Higher Education: "Doctoral Universities: Higher Research Activity"



>$1.8B
RESEARCH EXPENDITURES SINCE FY2004

$153.1M in FY2017, per NSF Higher Education Research and Development (HERD) Survey

(FY17 submitted and accepted by the National Science Foundation but is not yet published)

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NDSU RESEARCH ACCOMPLISHMENTS

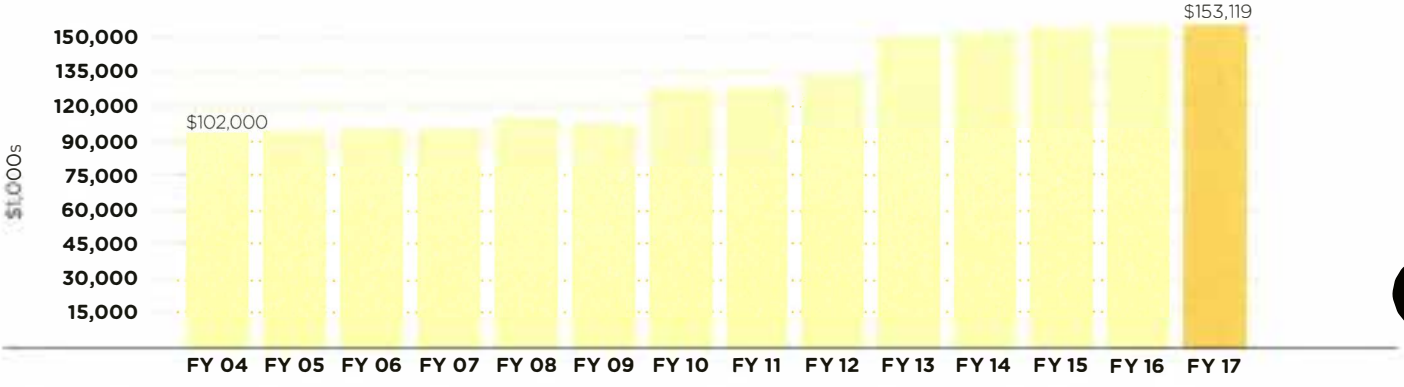
FY18 PROPOSALS PROCESSED THROUGH SPONSORED PROGRAMS ADMINISTRATION

Private sector	99
Commodity Groups	283
Federal agencies	509
Foundations	206
Other	9
Other Governmental Offices	33
State/Local	75
TOTAL	**1,214**



GROWTH OF NDSU RESEARCH AND DEVELOPMENT EXPENDITURES

MORE THAN $1.8 BILLION IN RESEARCH EXPENDITURES SINCE FY2004; $153.1 MILLION IN FY2017



Source: National Science Foundation Higher Education Research & Development Survey *FY17 reported to and accepted by National Science Founations but is not yet published

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RESEARCH FOUNDATION ACCOMPLISHMENTS

370+

MORE THAN 370 TECHNOLOGIES/IP UNDER MANAGEMENT

31+

AVERAGING MORE THAN 31 POTENTIALLY PATENTABLE INVENTIONS PER YEAR SINCE 2004

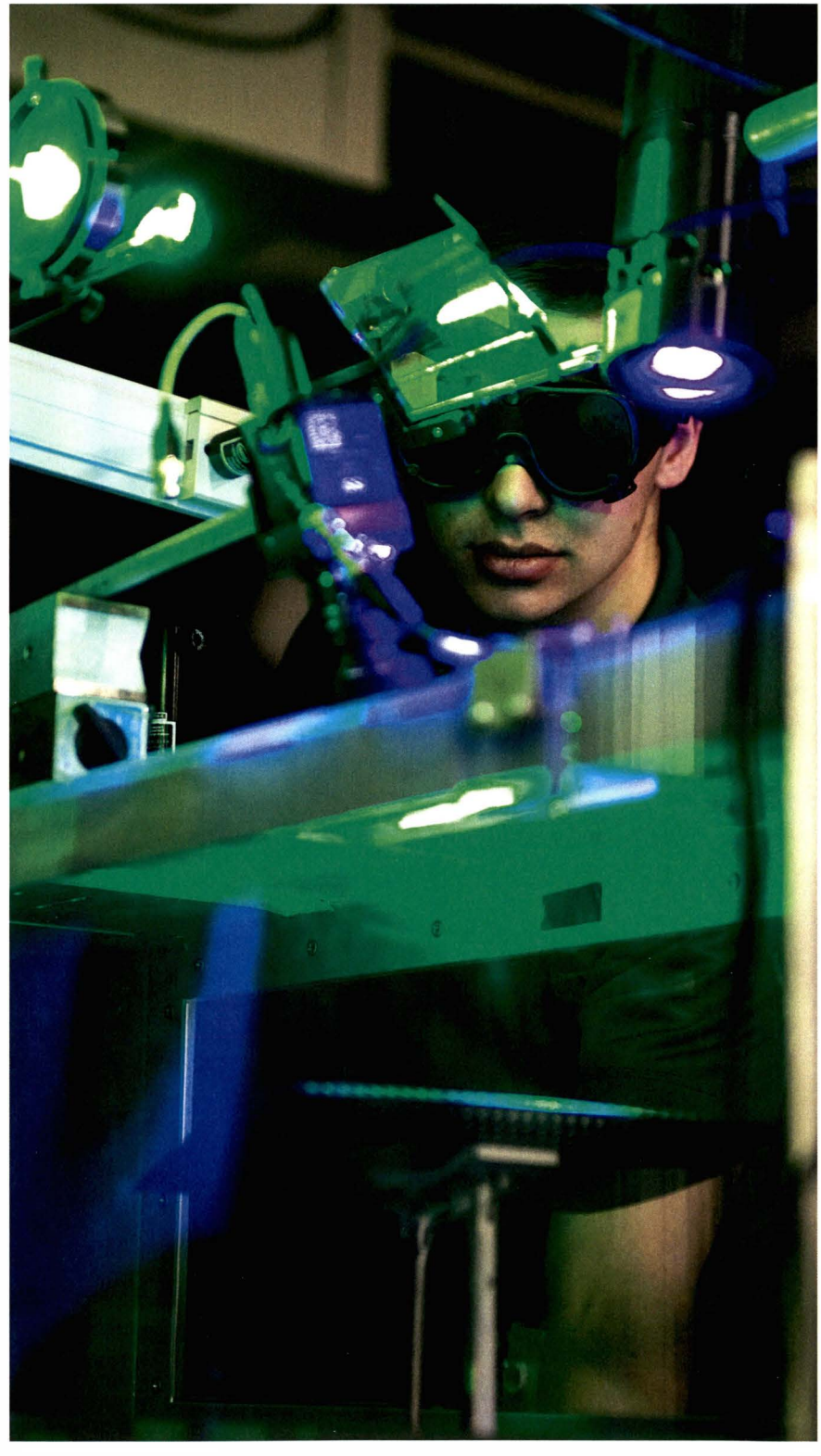
62

62 U.S. ISSUED PATENTS
35 PENDING PATENT APPLICATIONS



57

57 ACTIVE US PVP CERTIFICATES
27 FOREIGN PBR REGISTRATIONS
36 REGISTERED U.S. TRADEMARKS
19 FOREIGN REGISTERED TRADEMARKS
11 PENDING PVP APPLICATIONS



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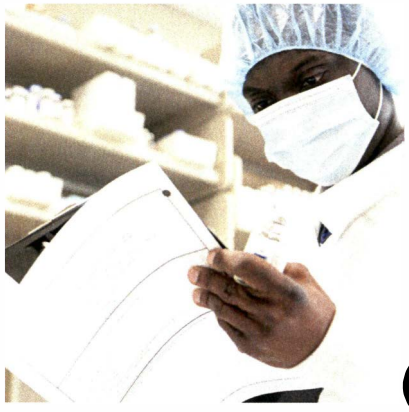
CORPORATE PARTNERS

Private Sector Partners engaged in R&D with NDSU research (including Centers of Excellence, Centers of Research Excellence, Research ND, or other centers/units)

AdvanSix
Akzo Nobel Coatings Inc
American Crystal Sugar Company
Ardent Mills
Arenus
BASF Corporation
BioConsortia, Inc
BNI Energy, LTD
Boeing Commerical Airplane Company
Brewer's Association, Inc
C2renew Corporation
c2sensors corporation
CHS, Inc.
Cogi, Inc.
Comfort King
Coteau Properties Company
Covestro LLC
Coyote Creek Mining Company, LLC
D&M Industries
Dakota Munitions
Doodlebug Beverages
Dow AgroSciences
Elsevier Science
Falkirk Mining Company
Ford Motor Company
Frostime LLC
Google Inc.
GreenLight Biosciences, Inc.
Hillard Heintze
Horton Inc.
J.R. Simplot Company
John Deere & Company
KDK Consulting
Klondex Mines Ltd.
Koch Agronomic Services, LLC
Lignite Energy Council
Meadowlark
Merck & Company Inc.
Mid American Athletic Trainers' Assn.
Monsanto Co.
Multimin USA, Inc
Myriad Mobile
ND Academy of Nutrition and Dietetics
ND Association of Rural Electric Coop
ND Farmers' Union
ND Insurance Reserve Fund
ND Natural Resources Trust
ND Petroleum Council
ND Rural Rehabilitation Corp.
ND School Nutrition Association
ND Township Officers Association
ND Trade Office
New Generation Supplements
North American Coal Corporation
Northern Plains Railroad
Northern Plains Sustainable Agriculture Society
PepsiCo, Inc.
Pioneer Hi-Bred International Inc.
PMI Nutritional Additives
PPG Industries
Rapha Global
Red River Valley & Western Railroad
Richland IFC, Inc.
Shimadzu Scientific Instruments
Shire
Speculoop, LLC
Sunstrand LLC
Syngenta Crop Protection Inc.
Synoptic Data Corp.
Tesoro Logistics Operations, LLC
TrackR, Inc.
Uniqarta
Valent
Valspar Corporation
Vision West ND
Weave Got Maille LLC
West Cental Inc.
Zymergen, Inc.

$1.5M

$1.5 MILLION IN LICENSING REVENUE FROM NDSU IP IN FY18



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NDSU RANKED 24TH OUT OF 50 LAND-GRANT UNIVERSITIES
(2016 AUTM LICENSING SURVEY)

NDSU RANKED 8TH OUT OF 26 LAND-GRANT UNIVERSITIES WITHOUT A MEDICAL SCHOOL
(AUTM 2016 LICENSING SURVEY)

7

7 STARTUPS BASED UPON NDSU TECHNOLOGIES AND/OR IP SINCE 2010:
Elinor Specialty Coatings, LLC
C2renew Inc.
Renuvix, LLC
HQC Biosciences Inc.
C2sensor Inc.
Uniqarta, Inc.
Dark Horse Technologies

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2017-19 BUDGET REDUCTIONS

The 65th ND Legislature reduced budgets for all state agencies because of the state's economy; the budget has no funding for general salary increases but included funding for the completed student credit hour formula and fully funded benefitted employee health insurance. As a result, NDSU's 2017-19 biennial general fund (base and one-time) budget was reduced by $26,649,451 (16.9%) when compared to the 2015-17 original base.

The 2017-19 biennial reduction is comprised of a permanent base operating general fund reduction of ($27,719,498), a one-time operating reduction of ($564,807) and a one-time increase for the Minard Hall unrecoverable collapse-related costs of $1,634,854.

The FY2018 annual budget was prepared using a collaborative process, and at the request of the President the Provost convened a budget study workgroup that met weekly from the end of February 2016-June 2016. The study group collected and evaluated recommendations to address NDSU's reduction in general fund appropriation. Resources have been allocated with consideration of the study group recommendations based on likelihood of cost savings and effect on core mission as a student focused, land grant, research university.

In order to effectively support NDSU's strategic plan and the SBHE strategic plan, no across the board reallocations were considered, we increased our focus on quality improvement by focusing on what works, supported by assessment, data and evidence, previous budget reductions and their impact on units were taken into account.

To address the reduction, the following initiatives have been implemented:

Academic Affairs has eliminated administrative positions and streamlined administrative functions where possible. The College of University Studies has been eliminated and students have been moved into other colleges. Collegiate and Divisional reductions have occurred with eliminations of vacant positions, realignment of staff to serve more departments and a reduced reliance on part-time and adjunct faculty instructors. Deans were asked to reallocate salary lines to meet teaching needs of programs and minimum course size requirements have been implemented. Requests to hire positions are evaluated for centrality to NDSU's mission and may be permanently eliminated or reallocated to other units and/or departments in order to strengthen core functions.

After extensive consideration and input including the ND University System Chancellor, the senior administrative structure and related positions for the Division of Student Affairs has been eliminated and the remaining units have been realigned under other divisions within the University effective July 1, 2017. This measure is being taken to streamline administrative functions and preserve the student affairs programs and positions that directly affect students, with savings used to limit further reductions to the faculty ranks. No student services will be cut because of this realignment; only administrative positions have been impacted.

Across the institution where possible, on appropriated funds, 62 FTE positions have been eliminated, 17 FTE reductions in force and operating budgets have been reduced. Programs for voluntary separation and faculty phased retirements were offered and 37 positions have been accepted.

Finding efficiencies and implementing cost reductions

We have implemented Academic Performance Solutions (APS), a solution "designed to empower academic and financial leaders with the department-specific performance and cost data – as well as reliable peer benchmarks – they need to make more effective decision."[1] We are using the data available in the platform to assess costs and find efficiencies in our academic operations. In response to an expected decline in enrollment for Fall 2018, we will seek permanent reductions through:

- identify opportunities for eliminating low enrollment courses to reduce appropriated funding being deployed for part-time academic and contingent instructors, thus providing salary savings
- further reducing operating budgets
- reducing or eliminating functions and programs that are less central to NDSU's mission.

[1] https://www.eab.com/technology/academic-performance-solutions

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2017-19 ADJUSTED GENERAL FUND BASE APPROPRIATION

NORTH DAKOTA STATE UNIVERSITY SUMMARY	FINAL ENROLLED SB2003
2015-17 Adjusted General Fund Base Appropriation	**$157,410,540**
2015-17 Base Adjustment-6.55% Allotment reduction	**(10,354,616)**
2015-17 Adjusted General Fund Appropriation, Net of Base Adjustments/Post-allotment	**147,055,924**
2017-19 Base adjustments:	
Funding formula: Credit hour completion adjustment	2,886,790
2017-19 Health insurance increases	1,211,316
Funding formula additional reduction	(21,462,988)
Total Base adjustments	**(17,364,882)**
Base General Fund Request & Recommendation	**$129,691,042**
GF Base % change	**-17.6%**
GF Base $ change	**$(27,719,498)**
Optional Base Budget Request	
Restoration of 10% budget reduction	-
Total Base General Fund Request & Recommendation	**$129,691,042**
State Funded Capital Project Request-Dunbar	**-**
One time: College of Nursing program adjustment	**(1,100,000)**
One time: Operating Funds	**535,193**
One time: Deficiency Appropriaton-Minard Hall (HB1015 Sec. 6)	**1,634,854**
Total General Funds-Base and one time	**$130,761,089**
GF Base % change including one time adjustments	**-16.9%**

1/ Executive/Legislative Recommendations include a reduction to the 2015-17 base for the 6.55% allotment
2/ SBHE approved budget request for NDSU includes a 10% reduction
3/ Increase in student credit hours calculated at 90% of the 2015-17 SCH rate of $72.63 or $65.37 per SCH
4/Salary increases were not funded for the 2017-19 biennium; health insurance premiums increased 9.8% and remains fully funded.

NDSU received approval for a 4% tuition increase for FY2018 and FY2019.

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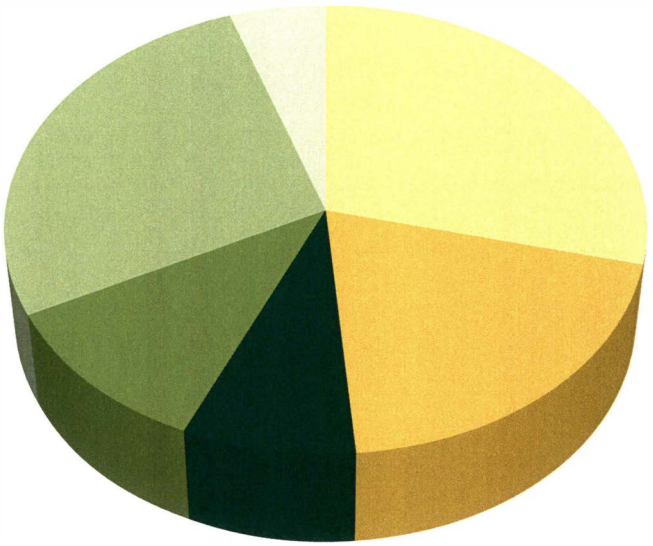
NORTH DAKOTA STATE UNIVERSITY
OPERATING REVENUES FY18 = $411.8M

Tution and Fees	$120.0	29%
State Appropriations	$112.0	27%
Grants and Contracts	$80.9	20%
Auxillary Enterprises	$45.3	11%
Sales and Services-Other	$32.7	8%
Other Operating	$20.9	5%
Total	**$411.8**	**100%**



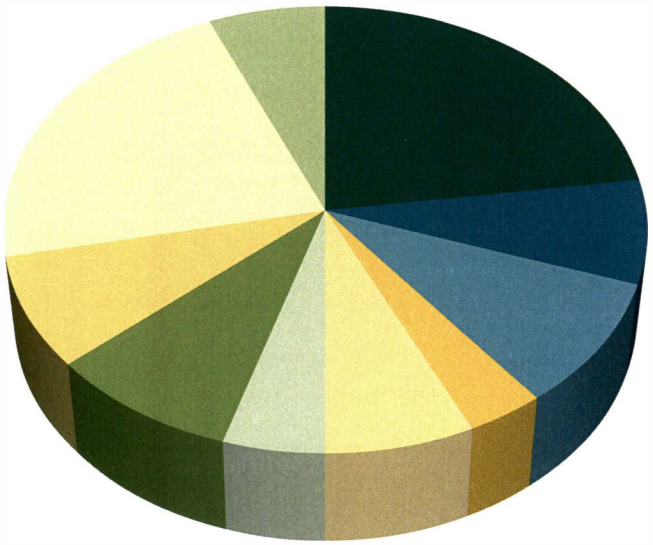
Auxiliary Enterprises are the self-supporting activities of the campuses, such as bookstore, food service and housing.

Sales and Services of Educational Departments includes revenues related incidentally to instruction, research, public service and revenues of activities that exist to provide instructional and laboratory experience for students and incidentally creates goods and services that may be sold to students, faculty, staff and the general public. Examples are advertising in campus publications, fees for conferences organized by the institution and ticket sales for campus theatrical and musical events.

Source: Audited NDUS Financial Statements, June 30, 2018

NORTH DAKOTA STATE UNIVERSITY
OPERATING EXPENSES FY18 = $404.9M

Instruction	$92.8	23%
Research	$88.7	22%
Student Services	$36.9	9%
Auxiliary Enterprises	$35.7	9%
Public Service	$32.8	8%
Academic Support	$30.6	7%
Physical Plant	$28.0	7%
Depreciation	$25.4	6%
Scholarships and Fellowships	$19.7	5%
Institutional Support	$14.3	4%
Total	**$404,947,699**	**100%**



The instructional function includes expenses related to instruction (e.g. classroom, distance ed and continuing education) and instructional support. Academic support includes libraries, academic deans, and other departments that directly support the academic unit of the campuses. Student services include offices that provide a specific service to students, including career services, registration, admission and counseling. Institutional support includes staff that supports the institution as a whole (e.g. business office, IT support and president's office). The physical plant function includes upkeep, maintenance and utilities for campus facilities. Scholarships and fellowships include aid provided to students. Auxiliary enterprises are the self-supporting activities of the campuses, such as bookstore, food service and housing. Depreciation represents the non-cash expense of capitalized assets over time. Public service includes activities established primarily to provide non-instructional services that are beneficial to individuals and groups external to the institution. The Research function is activities specifically organized to produce research.

Source: Audited NDUS Financial Statements, June 30, 2018

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2019-21 BIENNIAL BUDGET REQUEST

NDSU HAS PREPARED A NEEDS BASED BUDGET FOR CONSIDERATION AS APPROVED AND DIRECTED BY THE NORTH DAKOTA SBHE.

BASE BUDGET REQUEST	
Formula decrease due to student credit hour production	$(716,330)
Salary compensation increase 4% each year	$5,461,169
Base Budget Increase	$4,744,839
Optional Base Budget Request	
SB2003 Task Force-College & Career Development Coordinator (1 FTE)	$121,500
Systemwide Technology Initiatives Digital Initiative-Research Networks: $850,000 High Performance Computing: $2,000,000	$2,850,000
Optional Base Budget Increase	$2,971,500
Optional One-time Request	
Academic, Technology, Infrastructure Campus needs-operating	$1,000,000
TOTAL BASE AND ONE-TIME REQUESTS	**$8,716,339**

CAPITAL PROJECT REQUEST	
General Fund Project	
Dunbar *ranked #2 by the SBHE to address Life-Safety Issues and Deferred Maintenance*	**$51,350,000**
Non-General Fund Projects	
Private Donations:	
Barry Hall Renovation	$3,000,000
Indoor Practice Facility	$37,200,000
Softball Facility	$2,000,000
Revenue Bonds	
University Village Apartments-Phase 2	$37,600,000
TOTAL NON-GENERAL FUND PROJECTS	**$79,800,000**

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2017-19 INSTITUTION FORMULA FUNDING — BEFORE GUIDELINE REDUCTION

INSTITUTION	2017-19 BASE BUDGET	2015-17 ADJUSTED SCH	STATUTORY RATE PER SCH	2019-21 BASE BUDGET	CHANGE FROM 2017-19	
BSC	$30,600,597	320,093	$93.03	$29,778,252	$(822,345)	-3%
DCB	$7,652,945	79,753	$93.03	$7,419,422	$(233,523)	-3%
LRSC	$12,700,623	133,374	$93.03	$12,407,783	$(292,840)	-2%
NDSCS	$35,089,376	376,489	$93.03	$35,024,772	$(64,604)	0%
WSC	$8,360,503	103,727	$93.03	$9,649,723	$1,289,220	15%
DSU	$17,806,843	202,166	$86.95	$17,578,334	$(228,509)	-1%
MASU	$14,249,605	180,486	$86.95	$15,693,258	$1,443,653	10%
MISU	$39,750,979	430,708	$86.95	$38,160,940	$(1,590,039)	-4%
VCSU	$20,429,502	232,450	$86.95	$20,211,528	$(217,974)	-1%
NDSU	$128,591,042	2,180,302	$58.65	$127,874,712	$(716,330)	-1%
UND	$191,944,182	3,300,279	$58.65	$198,528,171	$6,583,989	3%
SOMHS RESIDENCY PROGRAM				$5,709,342	$5,709,342	
TOTALS	**$507,176,197**	**7,539,827**		**$518,036,237**	**$10,860,040**	**1%**

Prepared by ND University system office

TUITION RATE INCREASE TO COVER 4% ANNUAL SALARY INCREASES

INSTITUTION	GENERAL FUND	OTHER FUNDS	TUITION	TOTAL ALL FUNDS	ANNUAL INCREASE TO COVER TUITION BASE BUDGET	REVENUE GENERATED 1% ANNUAL TUITION INCREASE
					ASSUMES CONSTANT ENROLLMENT LEVELS	
BSC	$1,326,732	$583,799	$979,288	$2,889,819	2.4%	$413,735
DCB	308,695	87,427	105,923	502,045	1.5%	71,208
LRSC	489,519	246,985	397,554	1,134,058	2.9%	135,278
NDSCS	1,500,469	690,711	577,422	2,768,602	2.2%	266,684
WSC	252,014	383,851	207,410	843,275	2.6%	79,138
DSU	887,035	92,443	430,547	1,410,025	2.1%	208,558
MASU	553,183	464,075	299,739	1,316,997	1.7%	174,130
MISU	1,560,227	695,636	1,247,999	3,503,862	2.8%	444,943
VCSU	798,296	221,255	455,921	1,475,472	2.2%	206,423
NDSU	5,461,169	4,490,981	7,538,661	17,490,811	2.3%	3,259,830
UND	5,312,443	9,209,612	6,332,491	20,854,546	2.1%	3,049,016
UND SMHS	2,994,394	2,836,197	1,255,954	7,086,545	4.3%	289,715
TOTAL	**$21,444,176**	**$20,002,972**	**$19,828,909**	**$61,276,057**		**$8,598,658**

Prepared by ND University system office

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OPTIONAL BASE BUDGET REQUEST: $2,971,500

COLLEGE AND CAREER DEVELOPMENT COORDINATOR: $121,500

As recommended in the SB2003 taskforce report, funding is requested to support one FTE position to provide support college planning and placement information, as well as industry training and testing opportunities to best advise individual students.

SYSTEMWIDE TECHNOLOGY INITIATIVES: $2,850,000

Digital Initiative-Research Networks: $850,000
To support sustainable advanced research network funding and enable connectivity for all institutions in the University system to Internet2. This connectivity provides opportunities to participate in the national network and fosters collaboration with other research institutions by moving very large data sets between institutions.

High Performance Computing: $2,000,000
To facilitate scientific discovery and creative endeavors through the use of super computers, advanced networks, and advanced storage systems. This capacity is important to support research institutions who need to analyze large data sets utilizing parallel processing techniques, which are a function of high performance computing (e.g. genetics/genomics or physics/engineering simulations).

OPTIONAL ONE-TIME REQUEST: $1,000,000

Funding pool for campus one-time academic, technology or deferred maintenance needs.

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2018 NDUS PROJECT SCOPE AND COST ESTIMATING WORKSHEET

DUNBAR II (Dunbar Hall Replacement)

NDSU PRIORITY #1 — $51,350,000

Project type based on percentage of cost as per NDSU's Master Plan section 3:

5% PED	PED 3	(College of Science and Mathematics)
35% DMP	DMP 1	(Dunbar)
60% LSS	LSS 1	(Dunbar)

MASTER PLAN ALIGNMENT

NDSU strives for educational excellence as the state's land grant research university, with both teaching and research as its foundation. However, the current condition of Dunbar Hall is in stark contrast to this mission. As such, two options were considered in order to meet the program and space needs surrounding the facility:

1. Construct a new building (referred elsewhere in the document as Dunbar II) and demolish the current Dunbar I; and

2. Renovate the current facility and build an addition to it.

The decision was made to construct a new facility. The building's deferred maintenance amount exceeded the 65% threshold established by the NDUS that prompts demolition instead of repair. Additional factors that contributed to the decision included:

- The reduction in assignable space, a loss of laboratories and a setback to the mission of the university that would occur by only renovating Dunbar
- The overall configuration and dimensions of Dunbar's current labs not meeting room size and program need requirements
- The additional costs to extend the project schedule in order to build the addition, move current tenants into it, renovate the original Dunbar Hall, and move the occupants back
- The cost savings realized by moving building occupants only once during the construction process (into the new building) versus multiple times for the renovation and then the addition.

Construction of a new six-story building (Dunbar II) will address significant life/safety/security (LSS) issues, deferred maintenance priorities (DMP), and program and enrollment driven needs (PED). For example, many of the building's deferred maintenance items have grown into life/safety/security problems:

- **Fire system** – Dunbar does not contain sprinklers and many of the experiments conducted in the building utilize highly volatile pyrophoric materials. The fire department determined it was too risky to attempt to combat a fire there under these conditions. In 2017, the fire marshal required NDSU to move some of the research experiments to a leased facility and to suspend some other activities in the building due to the lack of fire protection and space. This move has been detrimental to research activities. A minimal chemical suppression system was installed in the basement of Dunbar but there are still some chemicals that need to be removed, even with the installation.
- **Fume hoods** – Improperly functioning fume hoods cannot adequately remove the hazardous vapors from chemical experiments in the building. Most of this equipment is obsolete so proper repair is impossible. Its replacement is also not an option due to the HVAC concerns noted below. The result is dangerous and unhealthy conditions for faculty, staff and students.
- **HVAC** – The HVAC system is beyond its useful life and has experienced numerous temporary failures that result in building evacuations and disruption of both classes and research experiments. It is not feasible to repair the system while the building is occupied because it is a common system with no redundancy.
- **Plumbing** – The chemicals used in the facility have degraded the infrastructure, including the piping. The plumbing materials are well beyond their useful life and, in some cases, are creating unsafe conditions for the building occupants. To further complicate matters, sections of piping are located in an isolated chase that makes accessing and replacing them impossible.

Program and enrollment issues increase the life/safety/security problems. For example:

- NDSU's functionality to perform leading edge research and remain as a top 100 public research university is constrained with eliminating some of the chemical usage in the building.
- It is difficult for faculty and researchers to efficiently perform their jobs having labs located in two different locations.
- The inadequate facilities also hinder NDSU's ability to seek much needed grant funding.
- Research laboratory space is limited so equipment has been installed in lab aisles. This blocks essential egress paths in the building.
- Lab bench and lab storage areas are further overcrowded with the increase in necessary bench-top equipment.
- The building's electrical system is incapable of handling the additional equipment needed for today's teaching and research activities.
  - Equipment has been identified but cannot be installed until adequate electrical capacity becomes available.
- Additional and larger teaching labs and research labs are needed.
  - Faculty, staff and students attempt to share spaces through the use of "imaginary" walls, further aggravating safety and security concerns.

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- Separate graduate student work space is needed. The number of graduate students has steadily increased, but no new work space has been acquired.
  - As a consequence, graduate student work space currently sits in the middle of an active research laboratory.
- Faculty offices are located at the back of the labs without a separate access point, so students are regularly exposed to unsafe conditions to access faculty during office hours.
  - In order for students to meet with the faculty, they must walk through an active research lab.
  - In general, students don't wear proper personal protective equipment in the lab area if they are there simply to meet with a faculty member.
  - With the campus growth, there are no other spaces available to move the faculty, and reconfiguring the current spaces to allow for separate access would either require a major building renovation or result in lost efficiencies by creating corridors to the offices.
- Dunbar has two main entrances but each requires using steps. The only other entrance to the building is through Ladd Hall and a connecting corridor.
  - There is a shared freight elevator adjacent to Ladd Hall but it is not ADA compliant or set up for general public use.

Additional deferred maintenance items not included above include:

1. The cooling system is at full capacity, does not meet the needs of the building, and is well beyond its useful life.
2. The windows are single paned, inefficient, and have contributed to poor research experiment results based on lack of environmental controls.
3. The flooring is original to the building and most of it contains asbestos, a material we are striving to reduce on campus.
4. The foundation is not waterproofed nor does it have drain tile, something a new building would have.
5. The building has never been tuck-pointed and the mortar is beginning to crumble. This would need to be repaired if the building remains in use.

SCOPE OF WORK

The proposed Dunbar II will be a six-story, approximately 106,000 square foot, laboratory-intensive building that will blend into the surrounding campus architecture while meeting a sustainable building design. The mechanically intensive facility will be designed for energy efficiencies, proper fire protection, proper research design considerations, ADA requirements and current building codes. The site location is central to the campus with minimal staging area available so, at this time, the intended delivery method will be CM@R to insure efficiencies on all subcontractor coordination.

The plan will be to consolidate services for the Department of Chemistry by relocating the laboratories currently have had to be spread out across the campus due to declining conditions in the existing Dunbar Hall into this new building. A portion of the Department of Coatings and Polymeric Materials will be included in the building for synergetic efficiencies to improve overall student experience.

The initial space program is as follows:

- Once the new Dunbar II building is operational, the activities in the existing Dunbar I will be moved over, as will the other Chemistry-related activities presently located in the Quentin Burdick Building (QBB) and Research 1 Addition (R1A).
- A few rooms in Ladd will be relocated into the new Dunbar II building and a few rooms from Dunbar will be shifted to Ladd.
- Some of the activities that were moved to R1 or R2 due to the fire marshal requirements will be moved into the new facility.
- Once all the moving has been completed, the existing Dunbar will have the environmental materials removed, the building will be torn down and the skywalk connection will be finished off.

The tentative project schedule would be:

1. Obtain Legislative authorization in May, 2019
2. Hire an architect after Legislative authorization
3. Hire a CM@R contractor after the architect is hired
4. Begin construction based on their recommendation and plan
5. Complete the building in late 2021
6. Complete the project, including demolition of the existing Dunbar I, sometime in 2022.

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PROJECT COST ESTIMATE

DUNBAR II

Project Total 51,350,000.00

Construction Costs

General	$18,490,534.00
Mechanical	$12,829,180.00
Electrical	$5,498,220.00
Site Work	$425,060.00
Landscaping	$ -
Demolition	$ 855,680.00
IT	$392,000.00
Other	$ -
Sub Total	**$38,490,674.00**
Contingency	$6,178,050.00
Total Construction	**$44,668,724.00**

Soft Costs

Design Fees	$3,126,811.00
Owner Costs	$60,000.00
Permits	$40,000.00
Advertising	$2,000.00
Other	$1,120,000.00
Sub Total	**$4,348,811.00**
Contingency	$652,465.00
Total Soft Costs	**$5,001,276.00**

FF&E - Property Costs

FF&E	$1,680,000.00
Land Acquisition	$ -
Total FF&E/Other	**$1,680,000.00**

FUTURE OPERATING COSTS: $150,000

The overall utilities costs will increase as a result of a larger building footprint, meeting current building codes and additional air flow that meets current ventilation shortfalls. An updated mechanical system with any possible heat recoveries will be investigated to minimize these increases.

FURNITURE, FIXTURES, AND EQUIPMENT

Some FF&E will be a part of this project and there may be additional FF&E purchased outside of the project.
Source of Funds: 1. General fund appropriation

SHARED SERVICES/EFFICIENCIES/ PHASING - PLANNING

SHARED SERVICES

The new facility will be designed with shared labs that can easily be modified to accommodate new research and new researchers.

EFFICIENCIES

Our ability to compete for state, corporate and federal grants is hampered by the lack of space for research activities. Improving the safety of lab facilities will increase the number of undergraduate researchers that we can incorporate into our research activities. The shared lab concept allows us to reduce the cost of startup packages for new researchers.

PHASING-PLANNING

The building size is not conducive to building sections at a time without adding unjustifiable additional expenses to the project. The component that could possibly be delayed for future funding would be the asbestos removal from the existing Dunbar and then its demolition.

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DUNBAR II
SPACE PROGRAM

SPACE INFORMATION		HOODS	ADDITIONAL SPACE NEEDS			
FACULTY PI	CURRENT LAB & OFFICE SPACE (FT²)	# HOODS	ADDITIONAL SPACE FOR PERSONNEL (FT²)	ADDITIONAL LABS (FT²)	ADDITIONAL SPACE NEEDS FOR EXISTING EQUIPMENT (FT²)	
CHEMISTRY						
Boudjouk	0	6	200	1,150	0	
Burghaus	644	1	200		100	
Colbert	1,325	2	350		250	
Cook	1,989	4	350		220	
Haring	1,360	2	500		300	
Hershberger	1,249	1	0		0	
Jayaraman	2,369	4	550		200	
Kilin	0	0	250	900	150	
Kilina	833	0	50		0	
Liu	1,231	2	250		100	
Lukat-Rodgers	88	0	0		0	
Parent	1,335	3	250		150	
Rasmussen	1,802	6	500		100	
Rodgers	2,059	2	200		550	
Sibi	3,401	6	450		0	
Sinha	1,552	1	250		300	
Srivastava	1,813	2	300		100	
Sun	1,927	5	150		0	
Wilkinson	1,140	2	250		0	
Yang	1,500	1	250		200	
Zhao	1,361	4	300		300	
TOTALS	28,978	54	5,600	2,050	3,020	
Bagu, Wanner	1,104	0	100		200	NMR
Bagu, Wanner	213	0	50		100	ESR
Ugrinov	777	1	75		100	Mass spectrometry
Ugrinov	541	0	50		0	X-ray diffraction
Balasubramanian	685	2	125		500	Core synthesis
Wang	1,452	2	125		300	Core biology
TOTALS	4,772	5	525	0	1,200	
INFORMATION TECHNOLOGY	226				200	
Shipping/receiving	100				300	
Chemical storage	436				1,750	
Upper level lab				1,750		
Stockroom	1,630				150	
Resources/room	0				1,000	
Dept Office space	0		450			
TOTALS	2,392	0	450	1,750	3,400	
COATINGS AND POLYMERIC MATERIALS						
Faculty offices			240			
Faculty lab				300		
Intro classroom				1,600		
Upper level lab				1,000		
Lab - pending hire				800		
Graduate area/offices					500	
Display cases					800	
Student Lounge					300	
Department space					300	
Storage					500	
TOTALS	0	0	240	3,700	2,400	
BIOCHEMISTRY/COATINGS AND POLYMERIC MATERIALS						
Staff					440	
Wilkinson					1,140	
Colbert					1,325	
Sinha					1,552	
Sibi					1,550	
Other					400	
Srivastava					1,800	
TOTALS	0	0	0	0	8,207	
OTHER						
Exhange spaces in Ladd					1,000	
TOTAL ADDITIONAL ASSIGNABLE SPACE				33,542		
DUNBAR CURRENT ASSIGNABLE				23,987.00		
PROGRAM FOR DUNBAR II				57,529.00		
GROSS UP FACTOR				1.85		
PROGRAM DUNBAR II GROSS SQ FT				106,428.65		

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2018 NDUS PROJECT SCOPE AND COST ESTIMATING WORKSHEET

RICHARD H. BARRY HALL

SPACE REPURPOSE & RENOVATION - [UP TO] $3,000,000

Project type based on percentage of cost as per NDSU's Master Plan section 3: 100% PED

MASTER PLAN ALIGNMENT

The Richard H. Barry Hall (Barry Hall) opened in August 2009 as home to the College of Business, the Department of Agribusiness and Applied Economics, the Center for Global Initiatives and Leadership, and the North Dakota Trade Office. Offices and departments currently located in Barry Hall are:

- College of Business, including:
  - Accounting, Finance and Information Systems Department
  - Management and Marketing Department
  - Transportation, Logistics and Finance Department
  - Center for Professional Selling and Sales Technology

- Department of Agribusiness and Applied Economics
  - Quentin Burdick Center for Cooperatives
  - Center for Agricultural Policy and Trade Studies
  - Center for the Study of Public Choice and Private Enterprise
  - Center of Risk and Trading

The College of Business (CoB) offers a variety of undergraduate and graduate programs that provide students with a quality education in the functional areas of business, an exposure to global business issues, and an introduction to technologies that will be a part of their work life. In addition to six undergraduate majors and a second major in Global Business, the college offers several minors including a unique program in Fraud Investigation. The Center for Professional Selling and Sales Technology offers students an opportunity to earn a certificate in professional selling. Graduate programs in accountancy and business administration are also available to qualified students.

The College is accredited by AACSB International – The Association to Advance Collegiate Schools of Business. Accreditation confirms an institution's commitment to quality and continuous improvement through a rigorous and comprehensive peer review process. NDSU is one of only three schools in North Dakota and western Minnesota with AACSB International accreditation.

The College of Business is committed to providing students with a quality education in the functional areas of business, a systematic exposure to the global business issues they will face in their careers, and an introduction to applying the technologies that will be a part of their work life. Its mission and vision state:

MISSION

As a community of scholars, educators, and business professionals, the College of Business supports NDSU's mission as a student-focused, land-grant, research university by providing quality:

- Educational experiences through collaboration and community engagement,
- Research for the advancement of knowledge, and
- Collaborations to benefit business and the greater community.

VISION

We leverage our Fargo-Moorhead location and status as a college within a land-grant university to educate, engage, and inspire.

The Department of Agribusiness and Applied Economics was formed in 1918 to provide service to the people of North Dakota. Their mission is to provide objective economic analysis to support informed decision making in areas of resource allocation, business management, and public policy for the people of North Dakota and beyond. They provide high quality education programs for undergraduate and graduate students and for audiences across the state reached through University outreach efforts.

Their faculty and research staff conduct research on a wide variety of applied topics. Studies have determined the economic role that agriculture plays in the economy of North Dakota, the effects of changes in international trade policies on agriculture, alternative policies to stabilize farm household incomes, investments to promote economic development in the state's rural areas, market effects of crops modified by biotechnology, housing market characteristics in the state, and market and nonmarket values associated with alternative water management strategies.

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SCOPE OF WORK

Barry Hall is comprised of the former Pioneer Mutual Life building built in 1925 and a 75,000 square foot addition that opened as NDSU's third building in Fargo's downtown area. The building was named after the late Richard H. Barry (1909-1988), a renowned financial consultant and economic catalyst who was described as "Fargo's doctor of financially ill businesses." Over 1,400 students, faculty, and staff use the building on a daily basis. This complex consists of 135,000 square feet and includes a six-story building with faculty and administrative offices, a three-story wing featuring 14 high-technology classrooms and a 284-seat auditorium. It boasts a trading room, where students can gain hands-on skills while using trading simulators and learn about financial management and sales labs that utilize state-of-the-art technology to help students practice various sales techniques. It also provides study areas, a branch library and a coffee shop that students utilize daily into the late hours.

The proposed project would assist the College of Business in adding an active learning classroom and an event space to the second floor area of the addition. This renovation would expand the instructional capacity within Barry Hall that would also create opportunities for the College to host more guest speakers and industry events. The value of a large event space for NDSU downtown could be tremendous, and it would help advance the goals of greater external engagement and create a shared downtown space that also supports program activities in Architecture, Agriculture, and the Arts.

The project will also provide the College of Business the opportunity to add the active learning classroom and active learning classes to its curriculum. These courses have been shown to enhance student retention and will help the CoB realize growth and retention goals outlined in its recently approved Strategic Plan.

The project would include renovating the current ND Trade Office area, once it is vacated, into an active learning classroom and a flexible event space. The space will incorporate moveable tables and chairs, whiteboards, projectors, active learning technology, and a potential portable stage for speaking engagements. Further work could include reconfiguring the open study area and moving and expanding the small restrooms in the immediate area to further enhance the learning environment. This is dependent on the final design and cost.

PROJECT COST ESTIMATE

Project Total	$ 3,000,00000
Construction Costs	
General	$1,637,000.00
Mechanical	$450,000.00
Electrical	$250,000.00
Site Work	$ -
Landscaping	$ -
Demolition	$ -
IT	$ -
Other	$ -
Sub Total	**$ 2,337,000.00**
Contingency	$350,000.00
Total Construction	**$2,687,000.00**
Soft Costs	
Design Fees	$215,000.00
Owner Costs	$40,000.00
Permits	$10,000.00
Advertising	$2,000.00
Other	$5,000.00
Sub Total	**$272,000.00**
Contingency	$41,000.00
Total Soft Costs	**$313,000.00**
FF&E - Property Costs	
FF&E	$ -
Land Acquisition	$ -
Total FF&E/Other	**$ -**

FUTURE OPERATING COSTS

The operating costs will remain the same.

FURNITURE, FIXTURES AND EQUIPMENT

There will be adequate funds available to purchase any FF&E. Source of Funds: No. 3. Other funding sources (Private). All funds will be privately raised so no state funding will be requested for this project.

SHARED SERVICES/EFFICIENCIES/ PHASING - PLANNING

As stated above, this project would expand the instructional capacity in Barry Hall that also will create opportunities for the departments to host more guest speakers and industry events. The value of a large event space for NDSU downtown could be tremendous, and it would help advance the goals of greater external engagement with the community and create a shared downtown space that also supports program activities in the architecture, agriculture and arts presence in downtown Fargo.

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2018 NDUS PROJECT SCOPE AND COST ESTIMATING WORKSHEET

UNIVERSITY VILLAGE REPLACEMENT – PHASE II

$37,600,000

Project type based on percentage of cost as per NDSU's Master Plan section 3:

5% PED	PED 5	(Housing #1)
85% DMP	DMP 22	(Housing)
	DMP 24	(Accessibility)
10% LSS	LSS 4	(Sprinkler Systems in Residence Halls)
	LSS 5	(Exterior Lighting)
	LSS 6	(Card Access)
	LSS 7	(Video Surveillance) D

MASTER PLAN ALIGNMENT

University Village was initially constructed in 1969 to provide additional housing for the increase in married students on campus. The Village originally consisted of approximately 246 apartment units within 27 buildings. The apartments contain a living room, kitchen, bathroom and bedroom(s) but lack a laundry room within each building. The current apartments also lack accessibility because the two-bedroom units are two-story townhouses and the one bedroom units are located on three levels. There is no elevator for the complex nor is there a central corridor; the doors to the units open directly to the exterior, similar to a motel concept. There is also a need for the privacy, amenities, space, and storage today's students seek in apartment-style living on campus.

Overall insulation in the buildings is minimal because the units are primarily concrete block construction. None of the existing buildings have improved safety features such as card access, exterior surveillance, or sprinkler systems. The original telecommunication wiring does not meet current standards and no affordable solution exists to provide campus internet connectivity. Finally, some buildings have foundation concerns that would require significant investment to correct.

University Village is the oldest of NDSU's apartment facilities and represents almost half of the total available units. The buildings exceed the deferred maintenance 65% threshold established by the NDUS that prompts demolition instead of repair.

The 2016 NDSU Capital Plan listed Phase I of this project under Revenue Bond Authorization – Non-State Funds in the amount of $10,000,000. The project was included in the NDUS 2017-19 Projects Recommended for Inclusion in 2017-19 Biennial Budget Request in Section 2: Non-State Funded Unranked Capital Projects. It was also included in SB2003, Section 11. Bond Issuance Authorization – Purposes during the 65th Legislative Assembly. The SBHE authorized the Budget and Finance Committee's recommendation to "adopt the resolution approving the sale of NDSU housing and auxiliary facilities revenue bonds as presented" at their meeting on May 15, 2017. They also ratified the Chancellor's interim authorization for NDSU to proceed with the University Village Renovation Phase I project at the meeting on September 28, 2017.

SCOPE OF WORK

Phase II of the replacement project will tentatively begin in 2019, with construction taking place east of the current University Village Phase I building. The extent of this phase will be dependent on market conditions, interest rates, inflation costs and other factors at the time the project commences. The work schedule will be similar to the previous Phase I project with asbestos abatement, demolition, site utilities, foundation work and some construction starting before the end of the year. Construction will then begin on up to three additional four-story replacement buildings with an approximate total capacity of 240 apartment units featuring:

- Wood construction consistent with other local market-rate apartment buildings
- Studio, one-bedroom, and two-bedroom apartment units
- ADA fully accessible units
- Elevator to assist with ADA access
- Data and TV connectivity in all units
- Common laundry areas
- Recycling room
- Community room on second through fourth floors
- Common interior corridor for safety and security
- Other improved safety features such as outside door video surveillance, fire sprinkler system, upgraded fire alarm system, card access entrances

The current parking lots will be reconstructed to include a possible 200 additional spaces, internal vehicle circulation for improved safety, and new exit control points. The project will also include site improvements for usable green space as requested by the students.

The construction would be slated to start in June 2019, based on the Legislature approving the project in April 2019 and the Governor signing the bill in May. The sale of bonds would occur immediately after the Governor's signature and, if needed, at any additional time(s) in the future in order to align with the construction of multiple buildings. The construction schedule could stretch over 24 months.

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PROJECT COST ESTIMATE

University Village Replacement - Phase II (3 Buildings)

Project Total	$ 37,600,000.00
Construction Costs	
General	$18,877,710.00
Mechanical	$5,640,440.00
Electrical	$3,192,665.00
Site Work	$600,000.00
Landscaping	$180,000.00
Demolition (Included in General)	$ -
IT	$680,160.00
Other	$ -
Sub Total	**$29,170,975.00**
Contingency	$4,414,646.00
Total Construction	**$33,585,621.00**
Soft Costs	
Design Fees	$2,350,993.00
Owner Costs	$60,000.00
Permits	$30,000.00
Advertising	$2,000.00
Other	$1,050,000.00
Sub Total	$3,492,993.00
Contingency	$521,386.00
Total Soft Costs	**$4,014,379.00**
FF&E - Property Costs	
FF&E	$ -
Land Acquisition	$ -
Total FF&E/Other	**$ -**

FUTURE OPERATING COSTS

Future operating costs include all forecasted expenses needed to operate the new apartments and will be figured into the rental rates.

FURNITURE, FIXTURES, AND EQUIPMENT

FF&E is estimated to be $300,000 to outfit common areas. Apartment units would be primarily unfurnished. FF&E may be funded from local funds or through the bond.

SOURCE OF FUNDS:

No. 2 – Revenue bond proceeds (request includes authorization to bond). This project will require a revenue bond for construction costs. All or part of the FF&E may be funded from the bond. Demolition costs will be covered by local funds or through the bond.

SHARED SERVICES/EFFICIENCIES/ PHASING - PLANNING

This project is a residential facility so we do not anticipate any shared services. The predominant factors in demolishing the original building was that the deferred maintenance exceeds the 65% threshold established by the NDUS that promotes demolition instead of repair. There is also no cost effective way to make the current facilities accessible. NDSU is not requesting any State funding as the project would be funded through local revenue bonds.

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2018 NDUS PROJECT SCOPE AND COST ESTIMATING WORKSHEET

INDOOR PRACTICE FACILITY (INCLUDES ALL 3 PHASES)

$37,200,000

Project type based on percentage of cost as per NDSU's Master Plan section 3: 100% PED PED 7 (Athletics)

MASTER PLAN ALIGNMENT

Athletics is an important factor in a student's post-secondary experience. Besides the academic components for those students majoring in these areas, students benefit from the social, physical, emotional, educational, and professional aspects (time management, discipline, communication skills) that athletics provide.

The SBHE authorized NDSU to install a temporary seasonal inflatable bubble for Dacotah Field at its meeting on May 29, 2014. The bubble provided a protected environment to allow outdoor sports teams like football, baseball, softball, golf and soccer to continue to practice since space in the FargoDome was limited. However, the bubble needs to be erected every fall after the soccer season ends and dismantled every spring and stored along with all of its components, including HVAC and the other portable equipment. This has been a temporary and costly solution to the greater need for an indoor practice facility.

SCOPE OF WORK

NDSU has a storied history of athletic success including 26 team national championships since 1965 in football, women's basketball, wrestling, softball, men's cross country and women's indoor track and field, plus numerous individual championships. Since completing a reclassification to NCAA Division I in the fall of 2008, the Bison have won six football national championships, made three NCAA men's basketball tournaments, eight softball regionals and one super regional, three NCAA women's volleyball postseason appearances, NCAA regionals in women's soccer, women's golf and baseball, and produced several All-Americans in track and field, cross country and wrestling.

The proposed Indoor Practice Facility project will provide a state-of-the-art training facility for the fourteen time national champion football program that will also include capacity for women's soccer, men's and women's golf, baseball, softball, and men's and women's track and field also affected by North Dakota's changing climate throughout the year.

The new facility will be located in the current Team Makers practice fields and adjacent to the Shelly Ellig Indoor Track and Field Facility and the Sanford Health Athletic Complex. The facility will be an approximate 120,000 square feet of climate controlled space for all weather types during the year. It will have a separate weight room space, meeting locations, locker rooms and recruiting area. Outside the facility will be an additional lighted turf field with easy access in and out of the indoor facility. The building will have state-of-the-art lighting, AV and filming space for our teams to utilize. Components of the project include:

Indoor Practice Facility

- ~85,000 square feet of useable practice space
- Lobby/Main Entrance/Restrooms
- Field size:
  - Full 120 yards long x 60 yards wide
  - 70' clear height in middle
  - 65' clear height down the sidelines
- Two artificial turf fields (1 indoor and 1 outdoor) with direct connections between the indoor field and outdoor field utilizing oversized operable doors
- Elevated viewing areas for recruits and guests (~30 seats)
- LED lighting with controls for varying lighting levels both indoors and outdoors
- Climate controlled
  - Heating for the Indoor Practice Field
  - Heating and cooling for support spaces (weight room, locker room, etc.)
- Technology
  - Filming capabilities with good fiber connections back to editing room in the FargoDome
  - Sound system desired to simulate noise/music playback
  - Scoreboards, game clocks, play clocks
- Multi-use for additional NDSU athletic programs (soccer, softball, golf, baseball, track and field) with netting and equipment
- Storage space
- Observations decks/camera platforms

West Operations Building

- ~25,000 square feet of multi-purpose space
- Locker room facility
- Meeting room space
- Sports Medicine space
- Recruiting / Hall of Fame
  - Spaces to display and celebrate history and championships
  - Addition of an NFL wall/experience to highlight previous Bison athletes

North Weight Room

- ~10,000 square foot weight room with fueling station on the north end

The indoor practice facility will serve as a welcome mat to the NDSU Athletics campus. It will provide current and prospective student-athletes with the tools, training and facilities to be successful during their time in Fargo. The most important element this facility will accomplish is maintaining NDSU's identity and brand. The success of the athletics program focuses attention on the university

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and Fargo-Moorhead community. The facility will take advantage of every opportunity to highlight itself as a positive representation of North Dakota State University.

Once all approvals are received, the project will be fully programmed, bids will be secured and construction will begin. It is estimated that the project timeline will be 18-24 months.

PROJECT COST ESTIMATE

Indoor Practice Facility (Includes all 3 phases)

Project Total	$ 37,200,000.00
Construction Costs	
General	$23,818,100.00
Mechanical	$3,054,613.00
Electrical	$1,945,460.00
Site Work	$843,760.00
Landscaping	$100,000.00
Demolition	$-
IT	$100,000.00
Other	$-
Sub Total	**$29,861,933.00**
Contingency	$4,502,290.00
Total Construction	**$34,364,223.00**
Soft Costs	
Design Fees	$2,405,496.00
Owner Costs	$40,000.00
Permits	$20,000.00
Advertising	$2,000.00
Other	$-
Sub Total	**$2,467,496.00**
Contingency	$368,281.00
Total Soft Costs	**$2,835,777.00**
FF&E - Property Costs	
FF&E	$-
Land Acquisition	$-
Total FF&E/Other	**$-**

FUTURE OPERATING COSTS

The operating costs are forecasted to be approximately the same as the costs for the electrical, heating, inflating and deflating of the current temporary seasonal inflatable bubble.

FURNITURE, FIXTURES, AND EQUIPMENT

There will be adequate funds available to purchase any FF&E.

SOURCE OF FUNDS:

No. 3 – Other funding sources (Private)

SHARED SERVICES/EFFICIENCIES/ PHASING - PLANNING

The facility will also be utilized by many of the other athletic programs at NDSU. The plan is to raise sufficient private funds to build all three portions of the project (Indoor Practice Facility, North Weight Room, and West Operations Building) but this is dependent on the amount raised.

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2018 NDUS PROJECT SCOPE AND COST ESTIMATING WORKSHEET

SOFTBALL INDOOR FACILITY

$2,000,000

Project type based on percentage of cost as per NDSU's Master Plan section 3: 100% PED PED 7 (Athletics)

MASTER PLAN ALIGNMENT

NDSU is home to the eight time Summit League softball champions as well as the 2014 Summit League baseball champions. The proposed indoor hitting facility at the Ellig Softball complex will provide the athletes with a facility to practice and train in out of the harsh North Dakota elements. This will assist in retaining the softball program's status as one of the premier programs in the region.

SCOPE OF WORK

The softball program's equipment needs, setup time and activities were evaluated to determine the feasibility of sharing space in the proposed new NDSU Indoor Practice Facility. After careful review (that included input from softball supporters regarding logistics), it was decided that the best solution was to create a small facility just to the north of the Ellig Softball complex and adjacent to the south side of the new NQ parking lot for easy accessiblity from the lot.

The proposed space will be approximately 11,000 square feet of indoor hitting, fielding and operational areas. The facility will be divided into hitting sections with batting cages and pitching mounds, as well as a separate area for team meeting rooms, storage, offices, and men's and women's restrooms.

PROJECT COST ESTIMATE

Project Total	$2,000,000.00
Construction Costs	
General	$1,034,560.00
Mechanical	$127,200.00
Electrical	$137,800.00
Site Work	$100,000.00
Landscaping	$20,000.00
Demolition	$ -
IT	$20,000.00
Other	$-
Sub Total	**$1,439,560.00**
Contingency	$290,934.00
Total Construction	**$1,730,494.00**
Soft Costs	
Design Fees	$121,135.00
Owner Costs	$40,000.00
Permits	$10,000.00
Advertising	$2,000.00
Other	$60,000.00
Sub Total	**$233,135.00**
Contingency	$36,371.00
Total Soft Costs	**$269,506.00**
FF&E - Property Costs	
FF&E	$ -
Land Acquisition	$ -
Total FF&E/Other	**$ -**

FUTURE OPERATING COSTS

The operating costs are estimated at $25,000 and will be funded with local dollars.

FURNITURE, FIXTURES, AND EQUIPMENT

There will be adequate funds available to purchase any FF&E.

SOURCE OF FUNDS:

No. 3. Other funding sources (Private). All funds will be privately raised so no state funding will be requested for this project. The plan is to raise the funds to complete the entire project.

SHARED SERVICES/EFFICIENCIES/ PHASING - PLANNING

If funding is short of the total amount, the project would be phased by first completing the indoor hitting facility and then completing the east addition. As noted above, the most efficient thing to do is to keep the equipment assembled. Other athletic activities needing the same equipment, such as a batting cage/netting system, would also be allowed to use it.

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COMPARE SBHE GENERAL FUND BUDGET REQUEST TO EXECUTIVE RECOMMENDATION

	NORTH DAKOTA STATE UNIVERSITY			
	SBHE 2019-21 GF Budget Request	Executive Recommendation	Change from Original Request to Executive Recommended	
2017-19 General Fund Base Appropriation	**$ 129,126,235**	**$ 129,126,235**	**$ -**	
Remove one-time operating funds	**(535,193)**	**(535,193)**	**-**	
2017-19 Adjusted General Fund Base Appropriation	**128,591,042**	**128,591,042**	**-**	
2019-21 Base proposed adjustments:				
Funding formula: Credit hour completion adjustment	(716,330)	(716,330)	-	1/
Salary compensation 4%/4%; EXEC Rec 4%/2%*	5,461,169	3,865,356	(1,595,813)	2/
2019-21 Health insurance increases: 12.7%; with optional plans	-	1,896,092	1,896,092	
Executive Recommendation 5% reduction to base funding	-	(6,393,735)	(6,393,735)	3/
Total Base adjustments	4,744,839	(1,348,617)	(6,093,456)	
Base General Fund Request & Recommendation	**$ 133,335,881**	**$ 127,242,425**	**$ (6,093,456)**	
GF Base % change	*3.7%*	*-1%*		
GF Base $ change	*$ 4,744,839*	*$ (1,348,617)*		
Optional Base Budget Requests				
SB2003 Task Force-College & Career Dev Coord (1 FTE)	121,500	-	(121,500)	
Digital Initiative-Research Networks	850,000	-	(850,000)	
High Performance Computing	2,000,000	-	(2,000,000)	
Total Base General Fund Request & Recommendation	**135,335,881**	**127,242,425**	**(8,093,456)**	
State Funded Capital Project Request-Dunbar II	**51,350,000**	**-**	**(51,350,000)**	4/
One time: Academic, Technology, Infrastructure Campus needs - operating	**1,000,000**	**-**	**(1,000,000)**	
Total General Funds-Base and one time	**$ 186,685,881**	**$ 127,242,425**	**$ (60,443,456)**	

1/ SCH formula production change

2/ SBHE approved budget request for NDSU includes a 4% | 4% salary compensation package
Executive Recommendation includes a 4% | 2% salary compensation package

3/ Executive Recommendation includes a 5% reduction in general funds provided in SCH funding formula.

4/ Executive Recommendaton provides $25.6 million from the Strategic Investment and Improvement Fund (SIIF) and the remaining $25.6 million is to be provided from other funds as a 1:1 match.

NDSU does not anticipate any changes in federal funding.

North Dakota State University

Statutory Authority
ND Constitution Section 215, North Dakota Century Code Chapter 15-12.

Agency Description
North Dakota State University (NDSU) broke into the 'top 100' National Science Foundation (NSF) rankings seven years ago and has steadily climbed into the rankings to now 83rd in the nation with over $156M in research productivity. The National Science Foundation is the only federally coordinated/recognized ranking of the 3500 colleges and universities in the nation. Because of this ranking, NDSU has become the highest NSF ranked institution in its five-state region of ND, SD, MT, WY and ID. Those rankings have opened up a steady progression of new partnerships and funding opportunities with other leading universities, private entities and federal agencies, never before possible for a North Dakota university.

NDSU is proud of its tradition as the state's student focused, land-grant, research institution. It embraces that responsibility as a cornerstone of its future productivity, and the contributions it can increasingly provide to North Dakota and the state's residents, as well as the nation's current and future interests.

The University hosts a large and increasingly diverse student profile and is home for the largest full-time, on campus enrollment in the state's university system. NDSU is located in a vibrant and growing area of the state, and the city of Fargo is regularly cited in national publications as one of the best college towns in the nation, best locations for entrepreneurial business start-ups, and best places for young professionals. The three K-12 school districts in the Fargo-Moorhead area are collectively experiencing net new enrollment growth of over 1,200 students a year—projected to continue for at least eight more years. In partnership with the community and with a growing number of major corporate partners, NDSU has shared a responsibility for creation of an environment that compliments and blends the experiences of its students, faculty and staff with the community in which they live while attending the university.

Major Accomplishments
1. Ranked top and only ND research university in the nation based on National Science Foundation.
2. Completed, opened and have now "named" a new, state funded 120,000 square foot STEM classroom building to meet student demand in the science, technology, engineering and math disciplines, which has the capacity for 4,000-5000 students to cycle through per day.
3. Approved College of Health Professions construction project for an addition to Sudro Hall funded with private donations, expected completion during 2020.
4. Became the North Dakota post-secondary institution of choice for North Dakota and out-of-state high school graduates.
5. Continued efforts in support of student success through improved sense of welcome and support; study of and implementation of interventions which have successfully led to improved retention and graduation rates; focus on students from historically under-represented populations, veterans, and others; and addressed high risk behaviors and other student issues. Continuing to expand academic collaborations including development of undergraduate and graduate programs representing the most extensive list of collaborative arrangements in North Dakota's 11-campus higher education system.
6. Provided system-wide support of academic support functions in IT-based data storage, academic computing communication, emergency response and support technologies.
7. Planned improvements in three campus dining centers.
8. Continued involvement with the Research and Technology Park and emerging technology firms that have created several thousand new jobs, including employment of over 100 NDSU undergraduate and graduate students.
9. Solidified NDSU as one of the most successful overall NCAA Division-I athletic programs in the nation.

Executive Budget Recommendation
- Reduces $716,330 from the General Fund higher education formula due to a decrease in adjusted student credits.
- Reduces $6.3 million from the General Fund by adjusting the base funding per student credit hour amount to 95.0 percent of current law.
- Provides $51.3 million for the Dunbar Hall project. $25.6 million is provided from the Strategic Investment and Improvement Fund and the remaining $25.6 million is to be provided from other funds as a 1:1 match.
- Provides $3.0 million of authority from other funds for the Barry Hall renovation project.
- Provides $37.2 million of authority from other funds for the Indoor Practice Facility project.
- Provides $2.0 million of authority from other funds for the Softball Facility project.
- Provides $37.6 million of authority from other funds for the University Village Phase II project.
- Provides $5.7 million from the General Fund as an inflationary increase, which includes the increase in employee health insurance and the executive compensation plan.
- Provides $127.2 million from the General Fund for the state share of campus operations at $58.36 per adjusted student credit hour.

REQUEST/RECOMMENDATION COMPARISON SUMMARY

235 North Dakota State University
Biennium: 2019-2021

Description	Expenditures Prev Biennium 2015-2017	Present Budget 2017-2019	2019-2021 Requested Incr(Decr)	2019-2021 Requested % Chg	Requested Budget 2019-2021	2019-2021 Recommended Incr(Decr)	2019-2021 Recommended % Chg	Executive Recommendation 2019-2021
By Major Program								
North Dakota State University	886,602,304	821,055,911	(70,121,602)	(8.5%)	750,934,309	57,887,253	7.1%	878,943,164
Total Major Programs	886,602,304	821,055,911	(70,121,602)	(8.5%)	750,934,309	57,887,253	7.1%	878,943,164
By Line Item								
Campus Operations	736,327,875	733,208,460	9,926,745	1.4%	743,135,205	6,785,600	0.9%	739,994,060
Capital Assets	95,613,766	7,799,104	0	0.0%	7,799,104	51,350,000	658.4%	59,149,104
Capital Assets Carryover	21,060,706	1,218,586	(1,218,586)	(100.0%)	0	(1,218,586)	(100.0%)	0
Capital Projects - Non-State	11,000,000	77,505,000	(77,505,000)	(100.0%)	0	2,295,000	3.0%	79,800,000
Capital Projects Carryover - Non-State	22,599,957	1,324,761	(1,324,761)	(100.0%)	0	(1,324,761)	(100.0%)	0
Total Line Items	886,602,304	821,055,911	(70,121,602)	(8.5%)	750,934,309	57,887,253	7.1%	878,943,164
By Funding Source								
General Fund	171,856,653	129,592,566	3,743,315	2.9%	133,335,881	(2,350,141)	(1.8%)	127,242,425
Federal Funds	4,202,728	0	0	0.0%	0	0	0.0%	0
Special Funds	710,542,923	691,463,345	(73,864,917)	(10.7%)	617,598,428	60,237,394	8.7%	751,700,739
Total Funding Source	886,602,304	821,055,911	(70,121,602)	(8.5%)	750,934,309	57,887,253	7.1%	878,943,164
Total FTE	537.10	1,895.66	(25.50)	(1.3%)	1,870.16	(25.50)	(1.3%)	1,870.16

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NDSU BIENNIAL BUDGET REQUEST 2019-21

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COMPARISON OF 2017-19 BASE BUDGET TO 2019-21 SBHE REQUEST AND EXECUTIVE RECOMMENDATION

STATE GENERAL FUND APPROPRIATION

	2017-19 Base Level	Requested Adjustments	2019-21 SBHE Needs-Based Budget	Executive Recommendation	Difference from 2017-19 Base Level	Difference from SBHE Needs-Based Budget
Campus Operations	$ 125,858,798	$ 4,744,839	$ 130,603,637	$ 124,510,181	$ (1,348,617)	$ (6,093,456)
Capital Assets	2,732,244	51,350,000	54,082,244	2,732,244	-	(51,350,000)
Plant Improvement Carryover						
Capital Projects - Non-State Funded						
Capital Projects - Non-State Carryover						
Operating Carryover						
Total State General Fund	**$ 128,591,042**	**$ 56,094,839**	**$ 184,685,881**	**$ 127,242,425**	**$ (1,348,617)**	**$ (57,443,456)**

SPECIAL FUND AUTHORITY

	2017-19 Base Level	Requested Adjustments	2019-21 SBHE Needs-Based Budget	Executive Recommendation	Difference from 2017-19 Base Level	Difference from SBHE Needs-Based Budget
Campus Operations	$ 611,881,329	$ 5,717,099	$ 617,598,428	$ 620,550,739	$ 8,669,410	$ 2,952,311
Plant Improvement Carryover						
Capital Projects - Non-State Funded	79,800,000	79,800,000	131,150,000	131,150,000	51,350,000	
Capital Projects - Non-State Carryover						
Operating Carryover						
Total Special Fund Authority	**$ 611,881,329**	**$ 85,517,099**	**$ 697,398,428**	**$ 751,700,739**	**$ 139,819,410**	**$ 54,302,311**

NORTH DAKOTA UNIVERSITY SYSTEM

ACCESS. INNOVATION. EXCELLENCE.

ND HIGHER EDUCATION CHALLENGE FUND QUARTERLY REPORT

NORTH DAKOTA UNIVERSITY SYSTEM
SFN 60859 (6-2015)

The purpose of the Quarterly Report is to inform members of the Higher Education Challenge Committee and other stakeholders, of the status, progress and use of the state funds appropriated from the Higher Education Challenge Fund. Specifically, the report is to provide an update on the amount of funds distributed, assurances that private sector funds pledged are collected as anticipated and provide an opportunity for institutions to report any modifications or accomplishments as a result of the funding.

Complete form for only those projects that have been approved by the Challenge Grant Review Committee. Form is due no later than 30 days after the quarter close

Date Submitted	Name of College or University	
10/30/18	North Dakota State University	
Name of Contact	**Daytime Telephone Number**	**Email Address**
David Munro	(701) 231-1045	david.munro@ndus.edu

Quarter (check applicable quarter)

- ☐ Quarter 1, Activity between January 1-March 31
- ☐ Quarter 2, Activity between April 1-June 30
- ☑ Quarter 3, Activity between July 1-September 30
- ☐ Quarter 4, Activity between October 1-December 31

Project Details			Private Funds Collected			Expenditures/Uses		
Name of Project	Date Project Approved by Challenge Grant Review Committee	State Challenge Funds Award Amount	Total Project Cash/Pledge Approved	Amt. Rec'd in Current Quarter	Total Rec'd to Date	Total Distributed/ Expensed In Current Quarter	Total Distributed/ Expensed to Date	Summary Description of Expenditures
See attached								

Please provide any milestones, challenges or significant changes in campus fundraising or general operations due to the Challenge Fund. (Optional)

President's Signature	Date
	10-30-18

Please send to:
patty.schock@ndus.edu
Patty Schock
North Dakota University System
600 E Boulevard Ave, Dept 215
Bismarck, ND 58505-0230
701-328-4129

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NDSU BIENNIAL BUDGET REQUEST 2019-21

ND HIGHER EDUCATION CHALLENGE FUND QUARTERLY REPORT

NORTH DAKOTA STATE UNIVERSITY

Project Details			Private Funds Collected			Expenditures/Uses		
Name of Project	Date Project Approved by Challenge Grant Review Committee	State Challenge Funds Award Amount	Total Project Cash/Pledge Approved	Amt. Rec'd in Current Quarter	Total Rec'd to Date	Total Distributed/ Expensed in Current Quarter	Total Distributed/ Expensed to Date	Summary Description of Expenditures
Food Production Laboratory Equipment & Technology Endowment Fund	3/5/2014	$ 25,000.00	37984.65 / 12015.35 / 0	$0.00	$50,240.15	$3,173.37	$21,093.13	Repairs and cleaning fees
Performing Arts Endowment 2	5/9/2014	$ 122,725.61	153926.43 /	$10,357.18	$239,236.61		$0.00	
Performing Arts Endowment (Challey)	5/9/2014	$ 1,000,000.00	0 / 2000000 /	$0.00	$1,149,080.00		$0.00	
Psychology Colloquium Series, Outside Speakers Fund	5/9/2014	$ 80,000.00	160000 / 0 / 0	$0.00	$160,000.00	$401.56	$12,687.28	Airfare and refreshments for colloquium
Gertrude Weigum Hinsz Lecture	5/9/2014	$ 25,000.00	50000 / 0 / 0	$0.00	$50,000.00		$4,093.97	
University Mentoring Award	5/9/2014	$ 25,000.00	50000 / 0 / 0	$0.00	$50,000.00		$5,994.00	
Hinsz Science & Mathematics Education Scholarships	5/9/2014	$ 30,000.00	60000 / 0 / 0	$0.00	$60,000.00	$2,400.00	$8,400.00	Scholarships
NDSU Center for Risk & Trading 2 – Barry Foundation (1 & 2 & 3 & 4) (report together on quarterly)	10/8/2014; 11/17/2014; 12/17/2014;	$ 2,730,185.50	665000 /4789935.50 / 5435.50	$117,000.00	$4,251,773.42	$21,368.00	$57,625.00	Scholarships
Neil C. Gudmestad Endowed Chair of Potato Pathology (1 & 2 & 3 & 4)	10/8/2014; 11/17/2014;	$ 2,057,500.00	226000 / 3889000 / 0	$170,000.00	$3,315,571.45	$28,746.29	$113,136.51	Staffaalaries and fringe benefits
Harlyn Thompson Travel Scholarship Fund	10/8/2014	$ 50,000.00	75000 / 25000	$0.00	$100,000.00		$12,495.00	
Susan Ferguson Andrews Endowment Fund	12/17/2014	$ 36,599.79	73199.58 / 0 /	$0.00	$73,199.58		$3,717.18	
Osher Reentry Scholarship Endowment	12/17/2014	$ 500,000.00	1000000 /0 /	$0.00	$1,000,000.00	$39,424.00	$171,233.00	Scholarships
Rase Family Scholarship Fund	12/17/2014	$ 28,031.06	56062.11 / 0 /	$0.00	$56,062.11	$3,000.00	$10,500.00	Scholarships
Rachel K. Roen Memorial Scholarship Endowment Fund	12/17/2014	$ 41,000.00	82000 / 0 / 0	$0.00	$82,000.00	$3,370.00	$14,338.00	Scholarships
John L. Rust Mechanical Engineering Fund	12/17/2014	$ 40,000.00	10000 / 70000	$0.00	$50,000.00		$1,393.00	
Dr. Josephine Bartow Ruud Scholarship Endowment Fund	12/17/2014	$ 37,500.00	75000 / 0 / 0	$0.00	$75,000.00	$2,200.00	$9,480.00	Scholarships
Roger & Ruth Van Prooien Scholarship	12/17/2014	$ 111,166.39	222332.77 / 0	$0.00	$222,332.77	$12,034.00	$37,719.00	Scholarships
Dr. E.P. & Lucy E. Wenz Endowment Fund	12/17/2014	$ 50,000.00	100000 / 0 / 0	$0.00	$100,000.00	$3,000.00	$16,865.00	Scholarships
Lucy E. Wenz, RN, NDSU Class of '78 Scholarship Endowment Fund	12/17/2014	$ 25,000.00	50000 / 0 / 0	$0.00	$50,000.00	$2,965.00	$7,414.00	Scholarships
Jay and Andy Alsop Family Athletics Scholarship Endowment	12/17/2014	$ 25,000.00	0 / 50000 / 0	$0.00	$28,571.45		$2,006.00	
Larry & A.J. Dahlstrom Athletic Scholarship	12/17/2014	$ 25,000.00	10000 / 40000	$0.00	$30,000.00		$3,201.00	
Dr. Todd & Deborah DeBates Family Football Scholarship Endowment	12/17/2014	$ 25,000.00	1000 / 49000 / 0	$0.00	$25,000.00		$2,067.00	
Hulstrand Family Scholarship Endowment	12/17/2014	$ 25,000.00	50000 / 0 / 0	$0.00	$50,000.00	$4,500.00	$8,612.00	Scholarships
Jim & Joyce Johnston Ag Scholarship Endowment	12/17/2014	$ 25,000.00	50000 / 0 / 0	$0.00	$50,000.00	$1,461.00	$5,901.00	Scholarships
Math Scholarship Endowment Fund	12/17/14;	$ 50,000.00	58000 / 42000	$0.00	$100,000.00	$3,839.00	$10,495.00	Scholarships
Ross Keller Business Scholarship Endowment	12/17/2014	$ 25,000.00	7142.9 /	$0.00	$28,571.45	$1,950.00	$2,950.00	Scholarships
Moore Engineering Civil Engineering Scholarship Endowment	12/17/2014	$ 50,000.00	0 / 100000 / 0	$0.00	$100,000.00	$10,000.00	$24,862.00	Scholarships
Don & Sue Morton Family Football Scholarship	12/17/2014	$ 25,000.00	7604.48 /	$0.00	$31,781.15		$4,167.00	
James & Marlene Normark Trust Scholarship	12/17/2014	$ 30,000.00	60000 / 0 / 0	$0.00	$60,000.00	$1,875.00	$8,601.00	Scholarships
Rear Admiral & Mrs. Fred Paavola MPH Scholarship Endowment	12/17/2014	$ 25,000.00	20000 / 30000 / 0	$0.00	$50,000.00		$3,362.00	
Leo & Shirley Richard Family Football Scholarship Endowment	12/17/2014	$ 25,000.00	50 / 49950 / 0	$0.00	$50,000.00		$2,484.00	
Doosan/Bobcat STEM Scholarship Endowment	12/17/2014	$ 1,500,000.00	0 / 3000000 /	$0.00	$1,700,000.00	$48,000.00	$191,000.00	Scholarships
Ralph & Loanne Thrane Scholarship Endowment	12/17/2014	$ 25,000.00	50000 / 0 / 0	$0.00	$50,000.00	$500.00	$2,500.00	Scholarships

NDSU | NORTH DAKOTA STATE UNIVERSITY

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ND HIGHER EDUCATION CHALLENGE FUND QUARTERLY REPORT

NORTH DAKOTA STATE UNIVERSITY

Project Details			Private Funds Collected			Expenditures/Uses		
Name of Project	Date Project Approved by Challenge Grant Review Committee	State Challenge Funds Award Amount	Total Project Cash/Pledge Approved	Amt. Rec'd in Current Quarter	Total Rec'd to Date	Total Distributed/ Expensed in Current Quarter	Total Distributed/ Expensed to Date	Summary Description of Expenditures
Michael Vipond Athletics Scholarship Endowment	12/17/2014	$ 25,000.00	14285.7 / 35714.3 / 0	$0.00	$35,714.30		$2,380.00	
Volk Family Civil Engineering Scholarship Endowment	12/17/2014	$ 25,000.00	0 / 50000 / 0	$0.00	$50,000.00	$2,900.00	$7,645.00	Scholarships
Cy Zweber Pharmacy Scholarship	12/17/2014	$ 25,000.00	0 / 50000 / 0	$0.00	$50,000.00	$2,964.00	$7,964.00	Scholarships
Bradley J. Burgum Scholarship	1/5/2015	$ 25,000.00	8000 / 42000 /	$18,000.00	$50,000.00	$3,350.00	$11,774.00	Scholarships
Ron & Sue Nichols Ag Scholarship	1/5/2015	$ 25,000.00	10000 / 40000	$0.00	$50,000.00	$1,250.00	$2,808.00	Scholarships
Ron & Sue Nichols HD&E Scholarship	1/5/2015	$ 25,000.00	10000 / 40000	$0.00	$50,000.00	$1,200.00	$3,665.00	Scholarships
Endowed Scholarship in American Indian Public Health (Helmsley)	1/5/2015	$ 375,000.00	0 / 750000 / 0	$0.00	$750,000.00	$20,000.00	$72,207.00	Scholarships
Ross Keller College of Business Endowment Fund	1/5/2015	$ 271.35	7142.9 / 42857.1 / 0	$0.00	$28,571.45		$1,000.00	
Edwin & Barbara Zimmerman Scholarship Endowment Fund	7/21/2015	$ 500,000.00	0 / 461707.83 / 538292.17	$0.00	$1,000,000.00	$50,000.00	$100,000.00	Scholarships
Fred & Linda Paavola Endowed Scholarship	7/21/2015	$ 25,000.00	0 / 50000 / 0	$15,000.00	$50,000.00	$1,900.00	$3,272.00	Scholarships
Wayne & Marion Tesmer Scholarship Endowment Fund	7/21/2015	$ 26,873.50	0 / 0 / 53747	$0.00	$53,747.00	$1,800.00	$4,800.00	Scholarships
Dr. Vernon & Bernice Albertson Electrical Engineering Scholarship Endowment	9/23/2015	$ 26,322.50	52645 / 0 / 0	$0.00	$52,645.00	$3,400.00	$6,150.00	Scholarships
Kenneth Hoefs Scholarship Fund (report together on quarterly)	9/23/2015; 5/25/16	$ 351,514.07	703028.12 / 0 / 0	$0.00	$703,028.13	$32,429.00	$91,239.00	Scholarships
Howe Family Scholarship Endowment	9/23/2015	$ 25,000.00	0 / 50000 / 0	$0.00	$40,000.00	$1,500.00	$1,500.00	Scholarships
Ackerman-Estvold Scholarship Endowment Fund	11/18/2015	$ 37,500.00	15000 / 60000	$15,000.00	$60,000.00	$2,500.00	$3,945.00	Scholarships
Deborah J. Frederickson Scholarship Endowment	11/18/2015	$ 45,101.11	0 / 0 /	$0.00	$90,202.21	$3,000.00	$7,650.00	Scholarships
Elnore A. & Ronald J. Grow Scholarship Endowment Fund	11/18/2015	$ 26,250.00	0 / 52500 / 0	$0.00	$35,000.00	$1,000.00	$6,700.00	Scholarships
Twila Hinsz Petersen Scholarship Endowment Fund	11/18/2015	$ 35,000.00	0 / 70000 / 0	$0.00	$70,000.00		$1,319.00	
Gail Hinsz Urbanec Nursing Scholarship Endowment Fund	11/18/2015	$ 30,000.00	0 / 60000 / 0	$0.00	$60,000.00	$3,000.00	$5,261.00	Scholarships
Eugene R. Hinsz Animal Husbandry Scholarship Endowment Fund	11/18/2015	$ 25,000.00	0 / 50000 / 0	$0.00	$50,000.00	$3,000.00	$4,800.00	Scholarships
Hulstrand Family #2 Scholarship Endowment	11/18/2015	$ 61,074.10	0 / 0 /	$0.00	$122,148.20	$6,750.00	$12,628.00	Scholarships
Kenneth & Rachel Kellogg Family Scholarship Endowment Fund	11/18/2015	$ 26,997.19	0 / 0 / 53994.38	$0.00	$53,994.38	$4,000.00	$6,000.00	Scholarships
James A. Meier Scholarship Endowment Fund	11/18/2015	$ 25,000.00	0 / 25000 /	$0.00	$50,000.00	$1,910.00	$3,798.00	Scholarships
Jim & Marlene Normark Endowed Scholarship	11/18/2015	$ 26,294.31	2588.61 /	$7,604.28	$32,827.10	$1,880.00	$2,717.00	Scholarships
Joe Peltier Memorial Scholarship II Endowment Fund				$0.00	$0.00		$0.00	
Vernon L. and Ruth Solien Scholarship Endowment	11/18/2015	$ 250,000.00	500000 / 0 / 0	$0.00	$500,000.00	$15,000.00	$38,800.00	Scholarships
Dean Virginia Clark Johnson Graduate Research Scholarship	11/18/2015; 5/25/2016	$ 32,747.50	36645 / 28850 / 0	$1,100.00	$64,395.00		$0.00	
ALA Scholarship & Endowed Chair Initiative (report together on quarterly)	3/30/2016; 05/25/2016	$ 195,245.00	26990 / 363500 / 0	$19,875.00	$154,376.00	$1,546.00	$10,082.00	Scholarships
Bon Family Memorial Scholarship	3/30/2016	$ 200,000.00	150000 /	$0.00	$250,000.00	$16,000.00	$28,000.00	Scholarships
ND Rexall Club Scholarship Endowment	3/30/2016	$ 79,074.81	2380 / 0 /	$0.00	$158,149.61	$12,000.00	$32,000.00	Scholarships
NDSU Center for Risk & Trading - Endowed Chair	3/30/2016	$ 1,250,000.00	500000 /	$0.00	$1,500,000.00		$0.00	
Ag Econ Scholarship Fund	5/25/2016	$ 25,000.00	50000 / 0 / 0	$0.00	$50,000.00	$2,176.00	$5,979.00	Scholarships

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NDSU | NORTH DAKOTA STATE UNIVERSITY

ND HIGHER EDUCATION CHALLENGE FUND QUARTERLY REPORT

NORTH DAKOTA STATE UNIVERSITY

Project Details			Private Funds Collected			Expenditures/Uses		
Name of Project	Date Project Approved by Challenge Grant Review Committee	State Challenge Funds Award Amount	Total Project Cash/Pledge Approved	Amt. Rec'd in Current Quarter	Total Rec'd to Date	Total Distributed/ Expensed in Current Quarter	Total Distributed/ Expensed to Date	Summary Description of Expenditures
College of Business Scholarship Endowment	5/25/2016	$ 25,000.00	50000 / 0 / 0	$0.00	$50,000.00	$4,000.00	$12,000.00	Scholarships
Division of Performing Arts Student Scholarship Support (report together on quarterly)	5/25/2016	$ 85,000.00	67143 / 102857 / 0	$0.00	$141,429.00	$1,711.00	$1,711.00	Scholarships
Doctor of Nursing Practice Scholarship	5/25/2016	$ 25,000.00	50000 / 0 / 0	$0.00	$50,000.00	$3,160.00	$4,342.00	Scholarships
Endowed Professorship in the College of Human Development & Education	5/25/2016	$ 250,000.00	500000 / 0 / 0	$0.00	$500,000.00		$0.00	
NDSU Entrepreneurship Program & Endowed Chair	5/25/2016	$ 1,500,000.00	3000000 / 0 / 0	$0.00	$3,000,000.00	$768.06	$39,916.16	Staff aalaries and fringe benefits
Pharm. D/MPH Scholarship Endowment	5/25/2016	$ 25,000.00	50000 / 0 / 0	$0.00	$50,000.00	$1,580.00	$2,762.00	Scholarships
STEM Scholarship Fund	5/25/2016	$ 1,236,665.50	0 / 2473331 /	$0.00	$706,666.00	$155,816.00	$336,132.00	Scholarships
Robert & Joan Breyer Family Pharmacy Scholarship Endowment	11/15/2017	$ 75,000.00	0 / 150000 / 0	$0.00	$60,000.00		$0.00	
Swiontek Family Scholarship Endowment	11/15/2017	$ 25,000.00	1000 / 49000 /	$5,000.00	$11,000.00		$0.00	
Food Production Laboratory Complex	1/14/2014	$ 203,716.30	334819.52 /	$0.00	$407,432.57		$611,148.87	
American Indian Public Health Resource Center	3/5/2014	$ 726,304.00	1452607 / 0 / 0	$0.00	$1,452,607.00	$12,135.18	$1,911,199.50	Staff aalaries and fringe benefits; supplies, printing and professional fees
Diversity Architecture Scholarship	11/15/2017	$ 25,000.00	0 / 0 /	$0.00	$111,863.62		$0.00	

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2017-19 SB2003 SECTION 3

2017-19 MAJOR CAPITAL PROJECTS
2017-19 LEGISLATIVE APPROPRIATION (SB 2003)

Campus	Project	General Fund	Revenue Bonding	Other Funds	Total Bonding and Other Funds	Expenditures Thru 12-31-2018	Estimated Unexpended balance at 6-30-19	Amount of balance at 6-30-19 Obligated	Project Completion Date
NDSU	New residence hall	-	39,505,000	-	39,505,000	28,578,598	1,926,402	-	6/30/19
NDSU	Accreditation Project-Sudro Hall Addition/Renovation	-	-	28,000,000	28,000,000	5,700,712	17,499,288	17,499,288	12/31/19
NDSU	University Village replacement - Phase I	-	10,000,000	-	10,000,000	9,291,213	208,787	-	6/30/19
	Campus Total (SB 2003)	**-**	**49,505,000**	**28,000,000**	**77,505,000**				

Campus	NDSU										
2015-17 Capital Carryover											
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Remaining Appropriation 6/30/17										
OMB LINE ITEM	General Fund	Federal Funds	Other Funds	Adj for Amounts Not Carrying Fwd	Brief explanation of Adjustments in Column 4	Total Carryover To 2017-19	Expenditures thru 11-30-2018	Total Final or Estimated Cost	Estimated Unexpended Balance of Carryover in column (6) at 6-30-2019	Project Completion or Estimated Completion Date	Explanation of How Funds were Spent
23551 - Capital Assets Carryover:											
Extraordinary Repairs/Deferred Maintenance	93,751.16		69,404.00		Project complete	163,155.16	163,154.98	163,154.98		6.30.18	Various projects includingmatchingfund requirements: electrical, heat, chiller and software updates/improvements, steam tunnel study, classroom and bathroom updates
2015-17 Capital Projects (List below):											
STEM Classroom Lab - Legislative Authority	15,424,741.38			(15,393,587.67)	Project complete	31,153.71		29,367,709.00	31,153.71	TBD	Carryforward; Project construction complete during 2017-19 biennium, building is fully operational - Project finance completion pending contractor dispute
CIE 2nd Flr Finishes	16,481.34		32,962.68		Project complete	49,444.02	4,199.41	100,265.01		8.31.17	Lab and classroom finishes;remaining project carryover was applied to other projects.
CIE Fire Alarm Replace	7,218.93		14,437.86		Project complete	21,656.79	344.00	48,691.01		8.15.17	Fire alarm replacement; remaining project carryover was applied to other projects.
Dolve Renovation	163,266.97		326,533.94		Project complete	489,800.91	380,424.57	760,661.59		12.31.17	Lab/classroom work; remaining project carryover was applied to other projects.
FLC Storm Sewer Lift Station	63,182.85		126,365.70		Project complete	189,548.55	178,825.00	179,278.49		1.15.18	LiftStation; remaining project carryover was applied to other projects
Elec Eng 2nd FL Hallway	11,493.48		22,986.96		Project complete	34,480.44	2,075.77	107,606.83		8.24.17	Hallway work; remaining project carryover was applied to other projects.
Heating Plant Steam Header	8,226.94		16,453.88		Project complete	24,680.82		84,686.21		6.30.17	Heating plant steam header;remaining project carryover was applied to other projects.
Service Center Re-roof	21,420.00		42,840.00		Project complete	64,260.00	64,260.00	64,265.00		12.15.17	Roofing project
Dolve Remove Roof Drain	8,000.00		16,000.00		Project complete	24,000.00	24,000.00	24,000.00		9.30.17	Roof drain
Waldron Steam Vault Replace	37,300.00		74,600.00		Project complete	111,900.00	111,900.00	153,149.01		12.19.17	Steam vault
FLC Foundation Survey	4,835.00		9,670.00		Project complete	14,505.00	10,234.04	10,234.04		9.30.17	Survey; remaining projectcarryover was applied to other projects
Deferred Maintenance-one time pool $3.5M	0.53				Appropriation $3.5M;	0.53	0.53	0.53		6.30.18	Amount applied to deferred maintenance project
Subtotal-Line 51 Carryover	15,859,918.58		752,255.02	(15,393,587.67)	GF carryover	1,218,585.93	939,418.30	31,063,701.70	31,153.71		
23552 - Capital Assets Off System:											
List specific projects:											
Ellig Sports Complex			364,500.00		Project complete	364,500.00	326,203.39	326,203.39	38,296.61	3.30.18	ADA Compliant grandstands, press box, reconfigured backstop, demoexisting concession/restroom bldg;relocate irrigation pumps. Project complete; unexpended balance will not be carried over.
NQ Parking Lot			640,000.00		Project complete	640,000.00	490,000.00	490,000.00	150,000.00	6.30.18	New parking lot. Project complete; unexpended balance will not be carried over.
Johnson Hall-west bathroom			1,200,000.00		Project complete	1,200,000.00	829,310.18	829,310.18	370,689.82	10.15.18	Repair 2nd stack of bathrooms to consistof repairing/replacingseveral deferred mtceissues Project complete; unexpended balance will not be carried over.
Stockbridge Elevator replace			350,000.00		Project complete	350,000.00	298,015.65	298,015.65	51,984.35	12.31.18	Elevator replacement - bring accessiblityof elevator up to code. Project estimated to come in under budget; unexpended balance will not be carried over.
WDC Expansion			3,700,000.00		Construction in progress	3,700,000.00	1,373,764.90	3,700,000.00		5.30.19	Twobldg addtions - will add additional seating; newelevator; revised main entry/checkout counter; necessary mechanical & electricfal systems added/upgraded
Softball Complex Reno Ph2			690,000.00		Project complete	690,000.00	572,401.52	572,401.52	117,598.48	11.30.18	New outfield fence, removingsod/installingturf; new bull pens, battingcages, varioussite improvements. Project complete; unexpended balance will not be carriedover.
New Residence Hall (Katherine Cater Hall)			39 505 000.00		Construction in progress	39 505 000.00	27 777 451.60	37 578 598.00	1 926 402.00	6.30.19	Residence Hall. Project estimated to come in under budget; unexpended balance will not be carried

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Campus	NDSU										
2015-17 Capital Carryover											
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Remaining Appropriation 6/30/17										
OMB LINE ITEM	General Fund	Federal Funds	Other Funds	Adj for Amounts Not Carrying Fwd	Brief explanation of Adjustments in Column 4	Total Carryover To 2017-19	Expenditures thru 11-30-2018	Total Final or Estimated Cost	Estimated Unexpended Balance of Carryover in column (6) at 6-30-2019	Project Completion or Estimated Completion Date	Explanation of How Funds were Spent
Accreditation Project - Sudro Hall Addition/Renovation			28,000,000.00		Construction in progress	28,000,000.00	4,667,941.50	28,000,000.00	17,499,288.00	12.31.19	Additon to existing Sudro Hall. Unexpended balance will be carriedover.
University Village replacement-phase 1			10,000,000.00		Construction in progr es	10,000,000.00	9,288,260.38	9,791,213.00	208,787.00	6.30.19	Demo of old complex & construction of new 82 unit apartmentbuilding. Project estimated to come in under budget;unexpended balance will not be carried over.
Subtotal-Line 52 Carryover			84,449,500.00			84,449,500.00	45,623,349.12	81,585,741.74	20,363,046.26		
23553 - Capital Assets Off System Carryover:											
List specific projects:											
CCAST: *$660,000 + $3,610,000 (SBHE Nov 2013; Budget Section Dec 2013)*		4,202,728.00		(3,298,409.30)	Project complete	904,318.70	134,393.15	3,500,074.45	769,925.55	6.30.18	Research 2 Server Room Electrical & Cooling Project complete; unexpended balance will not be carried over.
Sanford Health Athletic Complex (BSA):*increase $5,595,644 (SBHE Nov 2013/Budget Section Dec 2013) Total authorization $41,000,000*			17,568,271.82	(17,147,829.54)	Project complete	420,442.28	216,159.18	41,000,000.00	204,283.10	TBD	AthleticComplex; unexpended balance will carry
Churchill Hall Renovation			1,058,935.00		Project complete	1,058,935.00	985,284.62	10,926,350.78	73,650.38	4.30.18	Replacement of all finishes,piping, fixtures, HVAC, heating and electrical systems; ADA compliant elevator. Project complete; unexpended balance will not be carried over.
Residence Dining Center Expansion			297,446.00		Project complete	297,446.00	59,056.90	2,861,611.23	238,389.10	11.30.17	Creatingspace on east side foraddt'l 200 seats & meeting room; administrative offices and enclosed walkway. Project complete; unexpended balance will not be carriedover.
Stevens Hall Renovation (RM 2004-206)			12,083.00		Project complete	12,083.00	12,083.00	81,827.23		11.13.17	Updates to FFE
Fargodome Football Locker Room			297,651.00		Project complete	297,651.00	258,164.82	423,460.51	39,486.18	4.30.18	Updates to locker room;new lockers. Project complete; unexpended balance will not be carried over.
Johnson Hall Re-Roof			171,225.00		Project complete	171,225.00	113,445.60	122,220.17	57,779.40	1.15.18	RoofReplacement. Project complete; unexpended balance will not be carriedover.
Burgum Hall A/C			227,733.00		Project complete	227,733.00	196,273.69	212,100.55	31,459.31	11.17.17	Chiller Replacement. Project complete; unexpended balance will not be carried over.
Parking Lots			769,401.00		Project complete	769,401.00	344,976.11	775,574.86	424,424.89	10.31.17	Parking Lot Repair/Replacement - Lots BU, MO, T1/L, AE. Project complete; unexpended balance will not be carried over.
Johnson Hall Bathroom			754,933.00		Project complete	754,933.00	439,056.60	784,123.19	315,876.40	1.31.18	Renovation of restroom - replace piping, fixtures, ventingsystem. Projectcomplete; unexpended balance will not be carriedover.
Reed Hall Elevator Upgrade			190,342.00		Project complete	190,342.00	173,654.69	262,313.15	16,687.31	9.15.17	Replace elevator with ADA Compliant elevator. Project complete; unexpended balance will not be carried over.
Residence Dining Center Phase II			480,370.00		Project complete	480,370.00	433,197.75	952,827.30	47,172.25	1.18.17	Remodel existing dining aread & addition of made/cook to orderstations. Projectcomplete; unexpendedbalance will not be carriedforward.
Residence Dining Center Phase III-FFE			1,150,000.00		Project complete	1,150,000.00	1,076,041.88	1,076,041.88	73,958.12	1.18.17	Vending/Food Equipment. Project complete; unexpended balance will not be carriedover
Subtotal-Line 53 Carryover		4,202,728.00	22,978,390.82	(20,446,238.84)		6,734,879.98	4,441,787.99	62,978,525.30	2,293,091.99		
TOTAL Capital Carryover to 2017-19	15,859,918.58	4,202,728.00	108,180,145.84	(35,839,826.51)		92,402,965.91	51,004,555.41	175,627,968.74	22,687,291.96		

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Report of 2017-19 Extraordinary Repairs Base Funding and Required Match
For the Period July 1, 2017 through December 31, 2018

Campus North Dakota State University

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
				Source of 2-for-1 Match			
Project Description [1/]	Amount from Base Extraordinary Repairs	Amount of 2-for-1 Match	Total Project Amount	Transfer from General Fund Operating Funds	Other Funds	Total Match (Must = Col 3)	Description of Other Funds (Column 6) [2/]
Softball Grandstand: Demolition of concession stand/restroom that is part of a larger Softball Grandstand Complex renovation project	$5,333	$10,667	$16,000	$10,667	$0	$10,667	
Walster Hall: Asbestos abatement, electrical & mechanical upgrades, update floor & wall finishes	$225,000	$450,000	$675,000	$450,000	$0	$450,000	
Quentin Burdick Building: Roof & partial A/C replacement	$578,333	$1,156,667	$1,735,000	$1,156,667	$0	$1,156,667	
Memorial Union: Roof replacement	$121,667	$243,333	$365,000	$243,333	$0	$243,333	
Campus Water/Sewer/Street replacement	$333,333	$666,667	$1,000,000	$666,667	$0	$666,667	
Campus Underground Steam Tunnel: Partial replacement	$1,033,333	$2,066,667	$3,100,000	$2,066,667	$0	$2,066,667	
Van Es: HVAC improvements	$233,333	$466,667	$700,000	$466,667	$0	$466,667	
BBF Bathroom Upgrades	$28,839	$58,552	$87,391	$58,552	$0	$58,552	
Electrical Engineering - Windows	$29,267	$58,533	$87,800	$58,533	$0	$58,533	
Campus Wide - connect fire alarms w/fiber	$66,660	$133,340	$200,000	$133,340	$0	$133,340	
Various Misc Repairs	$77,145	$153,396	$230,541	$153,396	$0	$153,396	
			$0			$0	
			$0			$0	
Totals 7/1/17 - 12/31/18	**$2,732,244**	**$5,464,488**	**$8,196,732**	**$5,464,488**	**$0**	**$5,464,488**	

[1/] In column 1, include description for individual projects or combined "like-projects" (example "Various roofing projects for (identify locations)")

[2/] In column 8, please be specific as to the source of other funds in column 6 (examples: tuition, private, federal, approp reserves, etc)

STATUS AS OF 12/31/18	GF Base	Required Match	Total
2017-19 Biennial Totals	$2,732,244	$5,464,488	$8,196,732
Used 7/1/17 - 12/31/18	($2,732,244)	($5,464,488)	($8,196,732)
Balance Available	($0)	$0	$0

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CURRENT STATUS OF 2015-17 NDSU OPERATIONAL AUDIT RECOMMENDATIONS – JANUARY 2019

Category	Finding Number	Audit Recommendation	Q32018 Update
Inadequate Journal Entry Approval for the Agricultural Experiment Station and Extension Service	17-1	We recommend that all journal entries are properly approved and that the approval is documented.	NDSU implemented PeopleSoft's journal entry workflow in early November 2018. This implementation should satisfy the audit requirement, as it requires and documents journal entry approval in PeopleSoft.
Noncompliance With Procurement Rules	17-2	We recommend that NDSU properly procure commodities and services in compliance with NDCC and NDUS requirements.	NDSU disagreed with the exceptions noted in the audit. NDSU proposed a revision to the NDUS Purchasing Manual in October 2018.
Inadequate Controls Over Disclosed Conflicts of Interest	17-3	We recommend NDSU develop and implement controls to ensure that no conflict of interest exists with any transaction with a disclosed conflict of interest.	In the first quarter of FY19, NDSU Purchasing implemented the extra step of sending lists of the conflicts back to the department heads and inactive supplier records with conflicts.
Inadequate monitoring of access roles	Informal 1	We recommend NDSU verify the changes noted for access roles to the human capital management environment of PeopleSoft are made in a timely manner to ensure the proper level of access is granted and/or removed.	The audit process for ensuring HRMS PeopleSoft access is accurate has been put in place and the process will be done appropriately.
Unapproved research extension centers petty cash funds	Informal 2	We recommend that proper approval is sought for cash balances and they are used in compliance with NDCC.	All applicable accounts are closed.
Inadequate controls over store credit cards	Informal 3	We recommend that internal controls be developed and implemented over store credit cards to closely resemble that of the purchase card or the approved purchase card is used instead.	NDSU Accounting developed a written procedure on store cards and posted it to its website in October 2018.
Noncompliance with the Unclaimed Property Act	Informal 4	We recommend that NDSU submit to Unclaimed Property checks that have been uncashed or shown no interest in for more than two years after becoming payable as of the fiscal year end.	NDSU adjusted procedures for the 11/1/2018 reporting of unclaimed property.

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HB 1003 Testimony
Mason Rademacher and Chase Grindberg
NDSU Student Government

Chairman Monson, members of the committee, for the record my name is Mason Rademacher and I have the pleasure to serve as the Executive Commissioner of External Affairs on behalf of NDSU Student Government. I am here today in support of HB 1003. There are numerous benefits to students we feel should be included in this legislation, which include increased funding for the Challenge Fund, funding for Dunbar Hall, and funding for Open Educational Resources.

I want to first begin with the Challenge Fund. We as students see first-hand the direct benefits of the Challenge Fund and how institutions are able to market this program to encourage donors to give at their highest capacity. The $1 of state monies for every $2 of private funds grant mechanism helps to further promote programs and scholarships that benefit numerous NDSU students. The Challenge Fund has proven to be a great success for not only NDSU, but also its peer institutions across the state.

Secondly, NDSU Students advocate for the inclusion of a fully funded Dunbar Hall in HB 1003. In its current state, Dunbar Hall is simply not safe and does not help foster a proper learning environment for the students of today, or tomorrow. The building was constructed in 1963 and has served thousands of students throughout its life, but it now lacks the basic functions required to teach students. Some of Dunbar Hall's most visible needs include: a lack of storage space forcing students to keep chemicals on shelves scattered throughout classrooms, sinks that are deteriorating and prohibiting the flow of clean water, vent hoods that no longer close preventing students from conducting experiments, and even chalkboards as opposed to dry erase boards which are found in nearly every other learning environment. It is imperative the students of tomorrow are equipped with the facilities needed to engage in the 21st century educational learning opportunities.

Finally, funding for Open Educational Resources, commonly referred to as OERs, is a top priority for the students of NDSU. OERs are easily accessible, published in the public domain, online textbooks that provide significant cost savings to students due to them not having to purchase a physical textbook made available through a publisher. Funds appropriated to OER development in the 2015-17 and 2017-19 bienniums have yielded significant cost savings to students. Since the inception of the OER initiative in the state, students have saved between $1.1 – 2.4 million dollars of textbook savings through the implementation of OERs. During the last legislative session, the OER funding was rolled into the line item "shared campus services". We advocate for OERs to be a stand-alone line item and funded at a level of $150,000 to allow for further implementation of this important initiative throughout the university system.

Allow me to conclude by saying the NDSU Student Government, with these priorities included, supports the passage of HB 1003. Through the increased funding for the Challenge Fund, funding for Dunbar Hall, and funding for Open Educational Resources; we feel this bill makes strides towards the continued recruitment and retention of students for the State of North Dakota. Also with me today is Student Body President Chase Grindberg. We are both available to answer questions about the student perspective from the committee. Thank you for your time.

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1/16/2019

NDSU *North Dakota Forest Service*



Sustainable Forestry Programs

2019-2021 Biennial Budget Request

TOM CLAEYS, INTERIM STATE FORESTER
January 16, 2019

- Summary of Agency Services
- 2017-2019 Funding Reports
- 2019-2021 Funding Request
- Audit Findings
- Changes in Level of Federal Funding

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A Message from the Interim State Forester

The NDSU-North Dakota Forest Service is organized under the North Dakota Board of Higher Education. The agency is administered by a state forester who reports to the president of North Dakota State University at Fargo and supports the land grant mission in public service. The mission of the North Dakota Forest Service is to "**care for, protect and improve forest resources to enhance the quality of life for future generations.**"

This 2019-2021 Biennial Budget Request summary is intended to provide the information you need to determine funding levels for forestry programs benefiting communities, fire districts and private forest landowners. Please feel free to contact us at any time if you need additional information.

Tom Claeys, Interim State Forester

CONTACT

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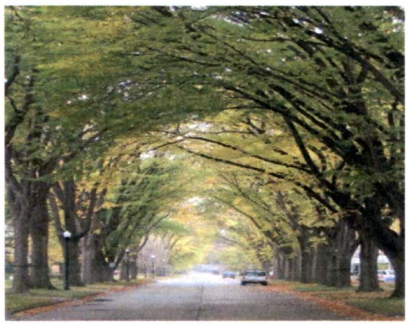
Summary of Agency Services

A wide variety of customers depend on the North Dakota Forest Service for technical, financial and educational forestry assistance. The state forester administers forestry programs serving communities, rural landowners, soil conservation districts, rural fire districts, schools and citizens of North Dakota. All the programs utilize a voluntary, educational and incentives-based approach to address natural resource needs and customer demands.

The agency also operates a nursery at Towner specializing in the annual production of one million conifer (evergreen) tree seedlings. The Towner State Nursery is the sole supplier of evergreen seedlings in North Dakota. The agency also owns and manages approximately 13,290 acres of state forest lands.



Community Forestry means conservation activities in city parks, tree-lined streets or other green spaces within the community. Most of North Dakota's residents live in 372 cities and towns. The Community Forestry Program served 227 communities benefiting 90 percent of North Dakota's residents. The agency administered $463,459 in financial assistance programs for tree planting and forestry development projects, as well as technical assistance for tree planting plans, management plans, shade tree ordinances, pest surveys and tree workshops. The Arbor Day Foundation's Tree City USA program recognized 52 North Dakota communities for enhancing the extent and health of their community forests



Fire Management ensures the protection of lives, property and natural resources by training, organizing and equipping North Dakota's 378 rural volunteer fire departments. A Cooperative Fire Protection Assistance Program provided departments $408,051 in financial assistance for organizing, training, planning, purchasing or repairing equipment. A companion program, the Federal Excess Personal Property (FEPP) program, loans nearly $9 million in surplus federal equipment to departments for enhancing firefighting capabilities. The Forest Service provided wildland firefighter training to 335 or 89 percent of rural fire departments. Community protection is improved through grants for wildfire hazard mitigation and "FireWise" landscape projects. Fire prevention is stressed through the distribution of Smokey Bear materials. An average of 440 human caused wildfires burn over 30,000 acres each year. The agency supports a strike team of five Type 6 wildland engines.

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Forest Health ensures the productivity and growth of North Dakota's private, community and state forests. The North Dakota Forest Service conducted surveys to assess forest health conditions within 135,214 acres of forests and trained public and private land managers on insect and disease management. North Dakota participates in the Great Plains Tree and Forest Invasives Initiative to identify contingency measures for minimizing the threat of invasive species, such as emerald ash borer. The pest has now been confirmed in Manitoba, Minnesota and South Dakota.



Forest Stewardship focuses on improving the management of our forest resources by educating and assisting rural private landowners on how to better manage, protect and utilize their native and planted forest resources. This is accomplished through the development of a Forest Stewardship Plan. The agency provided landowners $881,445 in financial assistance for forest improvement practices including ND Outdoor Heritage Windbreak Renovation Initiative funding to 259 landowners for renovating windbreaks.



Information and Education offers youth and adults the knowledge and skills they need to make wise decisions about the conservation and wise use of North Dakota's forest resources. The ND Forest Service, in conjunction with the NDSU Extension Forester, sponsored "Project Learning Tree" workshops and provided environment education to 1,807 teachers and youth leaders working with 22,590 students in grades K-12. The program also handles the daily requests for forestry information and the publication of educational materials.



Towner State Nursery produced 1,049,470 conifer (evergreen) seedlings in over thirty different species and stock types for distribution to landowners. The trees are used for farmstead, living snow fence, field windbreaks, wildlife, forestry and other conservation plantings. The nursery is a self-supporting operation, and since 1927 has sold over 84 million trees. The nursery also provides tree improvement services, such as testing, evaluation, selection and development of improved nursery stock for forestry and conservation plantings.

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State Forests provide wildlife habitat, clean air and water, recreational opportunities, forest products, scenic beauty and other conservation benefits. The North Dakota Forest Service owns five state forests comprising approximately 13,290 acres. State Forests play an important role in the economic well-being of several rural communities by attracting hunters, hikers, campers, skiers, snowmobilers, tourists and other outdoor enthusiasts.

AGENCY PERFORMANCE MEASURES

The North Dakota Forest Service utilizes an accountability measures process to assess progress toward achieving long-range strategic goals and ultimately the agency's mission. Accountability measures are linked to the long-range strategic planning process to document North Dakota Forest Service program outcomes. The North Dakota Forest Service developed twelve (12) accountability measures using the State Forester's goals and statutory authority. The State Forester's goals are directly linked to the authority granted under North Dakota Century Code 4.1-21, 18-02, 18-14, and 57-57 to meet the forestry needs of the state. Performance indicators, units of measure and program accomplishment data are completed for each of the agency's 12 accountability measures beginning July 1 and ending June 30. A biennial accountability measures report is prepared by the agency. The State Forester's goals and accountability measures are as follows:

State Forester's Goals

- To positively impact forest-based economic growth and sustainability of communities by promoting the wise use of natural resources.
- To improve the protection of people, property and natural resources by enhancing interagency cooperation in wildfire management.
- To support informed decision-making and foster individual responsibility in stewards of all ages by raising public awareness about natural resource values.
- To meet the forest and conservation tree planting needs of private and public landowners by producing and marketing high quality nursery stock.
- To meet current societal demands by ensuring the health, productivity and growth of private, community and state forests.

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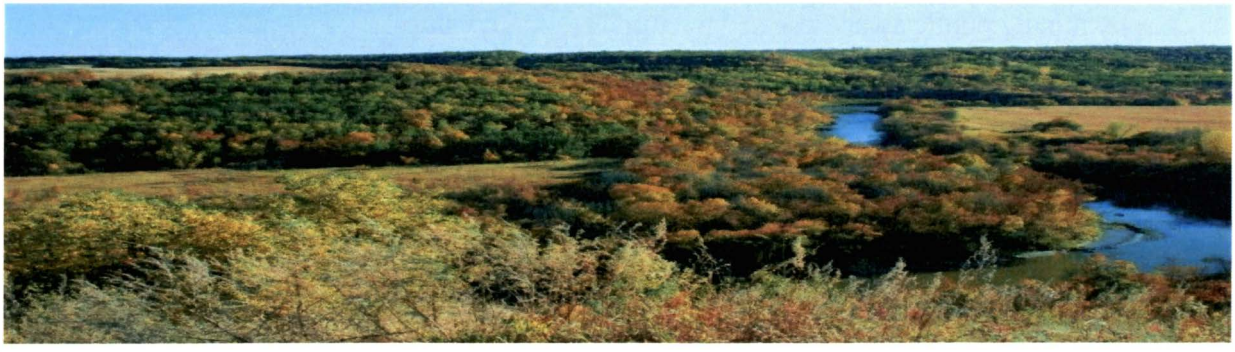
Accountability Measures

1. Twelve percent (12%) of biomass and wood utilization businesses were assisted in utilizing forest and municipal wood waste for renewable energy, which resulted in the installation of a biomass heating system demonstration in the Bismarck State College Aquatic and Wellness Center.
2. Awarded $1,344,904 forestry-based economic benefits for forestry practices serving 90 percent of the financial assistance needs of communities, fire districts and private forest landowners. Practices included tree planting, community forestry development, fire protection and forest restoration.
3. Enhanced community wildfire protection resulted in the preparation of 17 County Wildfire Protection Plans encompassing 32 percent of North Dakota's counties.
4. Enhanced rural fire department capacity through wildland firefighter training provided to 335 or 89 percent of rural fire departments.
5. Provided wildland fire awareness and prevention programs, including FireWise concepts, to 53 or 100 percent of North Dakota's counties.
6. Raised public awareness through information and education and fostered individual responsibility for conserving forest resources by delivering environmental education to 1,807 K-12 teachers (21%) and 22,590 K-12 students (21%).
7. Promoted professionalism in the tree care industry through training provided to 41 arborists (15%) certified according to International Society of Arboriculture standards.
8. Supplied conservation tree planting needs for 99 percent of Towner State Nursery customers through the sale of 1,049,470 nursery seedlings.
9. Sustained North Dakota's natural resources through active forest management and protection services for 86,348 acres or 15 percent of privately-owned forest lands.
10. Served 227 or 61 percent of North Dakota's communities benefiting 90 percent of the state's residents with sustainable community forestry programs, including the planting and care of street and park trees.
11. Ensured the health and sustainability of 135,214 acres of "at risk" forest resources through continuous surveys for damaging pests and agents.
12. Provided quality outdoor state forest experiences on 8,695 acres or 63 percent of the state forests under multiple-use management.



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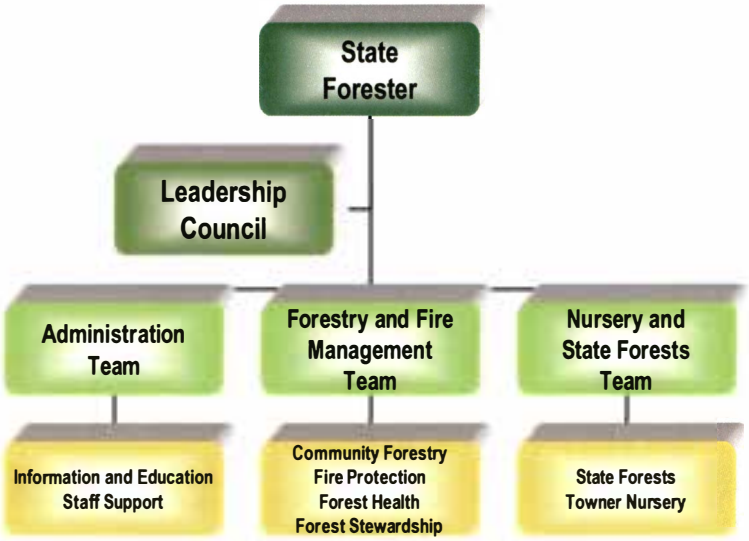
ORGANIZATIONAL STRUCTURE

The North Dakota Forest Service organizational structure focuses on increasing program efficiencies, strengthening customer service, promoting teamwork, and encouraging collaboration to address emerging natural resource issues.

The vision "***to ensure the relevancy and competitiveness of North Dakota to enhance public benefits from trees, forests and natural resources***" is guiding the agency's efforts.

The organization structure is composed of three leadership teams:

(a) Administration
(b) Forestry and Fire
(c) Nursery and State Forests



A Leadership Council advises the State Forester on the management of the agency.

The structure provides a unified team approach to ensure a coordinated focus toward the delivery of services and collaboration across organization boundaries. Teams composed of organizational unit representatives address issues brought to the Leadership Council. Teams deal with customer service improvements, communications, program efficiencies and joint partnership initiatives. Teams are responsible for focusing leadership and resources on landscape level natural resource issues. Teams are organized and monitored by the Council to ensure they fulfill the needs of the project and meet the goals of the agency.

FUNDING SOURCES

Appropriated funding for North Dakota's forestry programs is derived from two sources: the state general fund and income, including the sale of nursery products and contributions from the Trees for North Dakota Trust Fund. The 2017-2019 original appropriated budget for the Forest Service was $15,077,175 including $4,426,427 in general funds and $10,650,748 in special funds. Special funds include $1,900,000 in estimated income from tree seedling sales and the Trees for North Dakota Trust Fund. General fund authority was increased to $4,852,274 with $425,847 in carryover.

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2017-2019 BASE LEVEL BUDGET

	Operating	Capital Assets	Total	General Fund	Special Fund	Total Funds
2017-2019 Biennium Appropriation						
Operations	$ 14,958,447	$ -	$ 14,958,447	$ 4,307,699	$10,650,748	$ 14,958,447
Capital Assets		118,728		118,728		
Biennium Carryover	425,847		425,847	425,847		425,847
2017-2019 Biennium Appropriation	15,384,294	118,728	15,503,022	4,852,274	10,650,748	15,503,022

2016 ALLOTMENTS and 2017-2019 BUDGET REDUCTIONS

Senate Bill 2379 provided for the reduction of the 2015-2017 biennium general fund authority enacted by the 64th Legislative Assembly for agencies and institutions. The amounts included the 4.05% budget allotment ordered by the Governor in February 2016, and the 2.5 % budget allotment ordered by the Governor in August 2016. The Forest Service 2015-2017 original general fund appropriation was $5,007,844 and its general fund reduction was $328,014.

The Forest Service reduced its operations line item by $328,014. The State Forester utilized the unobligated 2015-2017 biennial balance in the Forest Restoration Program's operating budget and savings from the vacant fire technician position (1.0 FTE) and the community forestry specialist position (1.0 FTE) to meet the required $328,014 (6.55%) reduction. This includes $184,119 in unexpended Forest Restoration operating funds and $143,895 in savings from the vacant fire technician position and community forestry specialist position (2.0 FTE).

The budget reductions made by the 2017 Legislative Assembly totaled $581,417 or an 11.6 percent base budget reduction. This eliminated funding for salaries, fringes and operating expenses associated with providing financial, technical and educational assistance to communities, rural landowners, rural fire districts, schools and citizens. The reduction included salary and fringe for two foresters (natural physical science professionals) (2.0 FTE) and operating expenses for the travel, equipment under $5,000, and other expenses for forestry project sub-awards. The 11.6 percent base reduction impacted the agency's capacity to provide essential public services.

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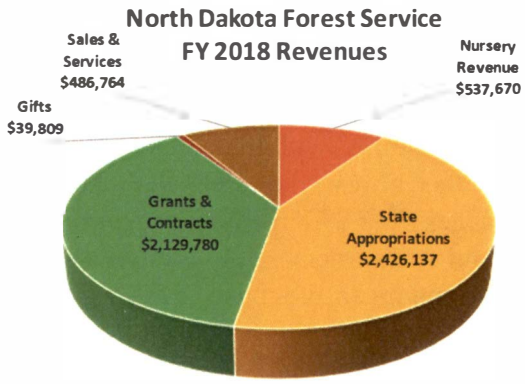
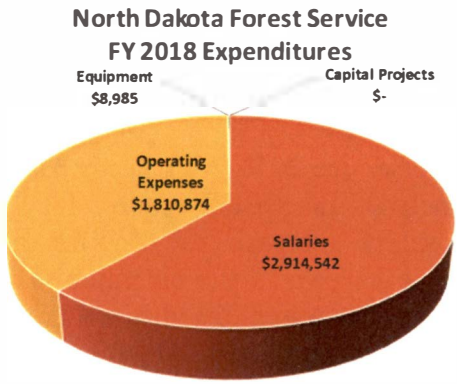
2018 REVENUES AND EXPENSES

NORTH DAKOTA FOREST SERVICE
FY 2018 REVENUES AND EXPENSES

Revenues			
Nursery Revenue	$	537,670	10%
State Appropriations	$	2,426,137	43%
Grants & Contracts	$	2,129,780	38%
Gifts	$	39,809	1%
Sales & Services	$	486,764	8%
Grand Total	$	5,620,160	



Expenses			
Salaries	$	2,914,542	61%
Operating Expenses	$	1,810,874	38%
Equipment	$	8,985	1%
Capital Projects	$	-	0%
Grand Total	$	4,734,401	



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2019-2021 NEEDS BASED FUNDING REQUEST

Operations

The Operations request supports salaries, fringes and operating expenses for 27.0 FTE and 45 seasonal positions that provide essential public forestry services. This investment combined with the collaborative efforts of the Forest Service's dedicated staff leverages over $7.8 million in external grants and contracts for voluntary, educational and incentives based forestry programs to address natural resource issues and customer needs identified in the North Dakota Forest Action Plan.

2019-2021 Operations Request	**$15,217,298**
Funding Source	
General Funds	$ 4,490,530
Special Funds	$10,726,768

Operations fund public forestry services provided by the North Dakota Forest Service through field offices at Bismarck, Bottineau, Carrington, Fargo, Lisbon, Towner and Walhalla. Expenditures include salaries, travel, motor pool, supplies, and telephone costs associated with servicing over 2,000 field forestry requests statewide each year from rural landowners, communities, schools and citizens.

The Forest Service 2019-2021 needs based budget includes the SBHE request for an average salary increase of 4% for all employees each year of the biennium. The 65th Legislative Assembly did not fund salary increases for the 2017-19 biennium. Due to this and the 2016 budget allotments, the Forest Service has not provided any salary increases in 2017-19. Forest Service staffing levels have been reduced by 2.0 FTE and the agency has redesigned, scaled back, and reprioritized operations to adjust to new, lower funding levels. Remaining employees are carrying significant additional workload to ensure quality public service is provided to customers. At the Forest Service, the average 4% annual increase will cost $244,199, of which $182,831 is from the general fund and $61,368 is from other funds.

Salary Increase – 4% per year	**$244,199**
Funding Source	
General Funds	$182,831
Special Funds	$ 61,368

The Forest Service needs based 2019-2021 budget request for Operations is $15,217,298. The general fund request for Operations is $4,490,530. Estimated income will be $10,726,768.

Capital Assets

The Forest Service is responsible for maintaining buildings and facilities at four locations. Field offices at Bottineau, Lisbon and Walhalla deliver forestry services, while the Towner State Nursery provides tree seedlings to the citizens of North Dakota. Recreational improvements are also located on the State Forests. Capital assets consist of 41 office, shop and storage buildings. The buildings are valued at $3,975,252. Building ages vary from 4 years to 83 years. In addition, the infrastructure associated with these facilities is valued at $3,487,289.

Extraordinary Repairs
The needs based budget includes funding for facilities and infrastructure repairs, equivalent to 15% of the OMB building and infrastructure formula. The 2019-21 needs based funding request for Extraordinary Repairs is $62,480, an amount equal to the 2017-2019 base level funding. One exterior repair project is identified (window and siding replacements) at the Lisbon field office.

Equipment Over $5,000
The 2019-21 needs based funding request for equipment over $5,000 is $56,248, an amount equal to the 2017-2019 base level funding. Equipment would include two replacement grounds mowers, shade cloth for tree seedling production beds, and greenhouse equipment at Towner State Nursery and State Forests.

Capital Project Request – None
The Forest Service is not requesting a capital project within the 2019-2021 budget.

2019-2021 Capital Assets	
Extraordinary Repairs Building exterior project - Lisbon field office	**$ 62,480**
Equipment over $5,000 State Forests and Towner State Nursery	**$ 56,248**
Capital Projects	**$ 0**
Total	**$118,728**

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North Dakota Forest Service

Comparison of 2017-19 Base Budget to 2019-21 SBHE Request and Executive Recommendation

State General Fund Appropriation

	2017-19 Base Level	Requested Adjustments	2019-21 SBHE Needs-Based Budget	Executive Recommendation	Difference from 2017-19 Base Level	Difference from SBHE Needs-Based Budget
Campus Operations	$ 4,307,699	$ 182,831	$ 4,490,530	$ 4,353,921	$ 46,222	$ (136,609)
Capital Assets	$ 118,728	$ -	$ 118,728	$ 118,728	$ -	$ -
Plant Improvement Carryover						
Capital Projects - Non-State Funded						
Capital Projects - Non-State Carryover						
Operating Carryover	$ 425,847	$ (425,847)				
Total State General Fund	**$ 4,852,274**	**$ (243,016)**	**$ 4,609,258**	**$ 4,472,649**	**$ 46,222**	**$ (136,609)**

Special Fund Authority

	2017-19 Base Level	Requested Adjustments	2019-21 SBHE Needs-Based Budget	Executive Recommendation	Difference from 2017-19 Base Level	Difference from SBHE Needs-Based Budget
Campus Operations	$ 10,650,748	$ 76,020	$ 10,726,768	$ 10,665,400	$ 14,652	$ (61,368)
Plant Improvement Carryover						
Capital Projects - Non-State Funded						
Capital Projects - Non-State Carryover						
Operating Carryover						
Total Special Fund Authority	**$ 10,650,748**	**$ 76,020**	**$ 10,726,768**	**$ 10,665,400**	**$ 14,652**	**$ (61,368)**

The 2019-2021 needs based funding request for the North Dakota Forest Service is $15,336,026 including $15,217,298 for Operations and $118,728 for Capital Assets. The General Fund request is $4,609,258. Other funds are $10,726,768.

The 2019-2021 operations budget includes salaries and wages and operating expenses for 27.00 FTE and 45 seasonal positions that provide public forestry services.

- Operations $15,217,298

The 2019-2021 capital assets budget provides necessary repairs for 41 office, shop, storage and recreational buildings at Bottineau, Lisbon, Towner and Walhalla. The budget includes extraordinary repairs and equipment over $5,000.

- Capital Assets $118,728

Total Forest Service Request (General funds & other funds) $15,336,026

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Financial Audit Findings

Financial Audit findings included in the most recent audit - There were no audit findings specific to NDSU-NDFS within the North Dakota State University Audit Report for the biennium ending June 30, 2017, as prepared by the Office of the State Auditor.

Federal Funding

Known or potential changes in level of Federal funding - None.



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NDSU does not discriminate in its programs and activities on the basis of age, color, gender expression/identity, genetic information, marital status, national origin, participation in lawful off-campus activity, physical or mental disability, pregnancy, public assistance status, race, religion, sex, sexual orientation, spousal relationship to current employee, or veteran status, as applicable. Direct inquiries to: Vice Provost, Title IX/ADA Coordinator, Old Main 201, NDSU Main Campus, Fargo, ND, 58108, 701-231-7708, ndsu.eoaa@ndsu.edu.

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MINOT STATE UNIVERSITY

66th Legislative Assembly

House Appropriations Hearing

January 16, 2019

HIGHLIGHTS DURING THE PAST BIENNIUM:

- MiSU received its largest donation in history: a $4.6 million gift announced in 2018 from the Janis Dislevy estate to support MiSU's College of Business.
- MiSU's Teacher Education program hosted its 10-year accreditation visit in Fall 2018; it was an extremely positive visit, and a final report will be received this spring.
- In Fall 2018 MiSU welcomed its largest freshmen class in seven years since the 2011 flood.
- With $400,000 in grant applications, MiSU secured its entire Higher Education Challenge grant funding, and had over $4,000,000 that also would have qualified had additional funds been available.
- The MiSU Development Foundation has set three consecutive fundraising records, with 2018, 2017, and 2016 being the largest fundraising years in MiSU history. The overwhelming majority of these dollars are supporting student scholarships and academic programs.
- In 2018, MiSU had its highest student graduation rates in at least 20 years.
- In 2018, the MiSU Baseball Team won the Northern Sun Intercollegiate Conference (NSIC) title, the first for any Men's sport at MiSU since moving to NCAA Division II in 2011.
- In 2018, MiSU opened the new Northwest Arts Center on campus, a $1.4 million gallery funded entirely through private gifts.
- New academic programs have been added during the past biennium in Entrepreneurship, Medicinal Plant Chemistry, and Early Childhood Education.
- MiSU unveiled a new branding strategy in Fall 2018 including a new logo for the campus. The former block "M" logo has been replaced with the words Minot State University.

PARTNERSHIPS/EFFICIENCIES:

- MiSU's affiliation with Dakota College at Bottineau (DCB) is the only main campus — affiliate campus relationship in the Dakotas. DCB offers classes on the MiSU campus, and MiSU also provides support for business services, fiscal management, marketing/printing, IT, Title IX, institutional research, and fundraising expertise for DCB. The DCB Campus Dean reports to the MiSU president and the DCB CFO is an employee of MiSU, ensuring further alignment between campuses
- MiSU partners with Trinity Health on educating and expanding the Nursing workforce in Minot. Thanks to Trinity's investment and this partnership, MiSU now graduates 50% more nursing students compared to 5 years ago.
- MiSU's Bachelor of Social Work program at NDSU has increased enrollment by 181% since 2012.
- MiSU offers bachelor's degrees at the Minot Air Force Base in Criminal Justice, General Studies, and Management. Additionally, general education courses offered on Base enable Air Force members to earn their Community College of the Air Force (CCAF) degree.

- The North Dakota Center for Persons with Disabilities is a University Center of Excellence on developmental disabilities, education, research and services. It is housed at MiSU and the only such center in North Dakota. NDCPD works with the ND Department of Human Services and other state/federal agencies to provide various outreach initiatives.

- MiSU's Criminal Justice Department and Lake Region State College partner to offer the Peace Officer Standards and Training Program (POST) in Minot to area law enforcement professionals. Also, Criminal Justice majors can achieve POST certification as part of their undergraduate degree.

A FEW OTHER FACTS ABOUT MINOT STATE UNIVERSITY:

- Nine specifically accredited academic programs: Teacher Education, Music, Addiction Studies, Speech-Language-Hearing, Social Work, Business, Nursing, Athletic Training, and School Psychology.

- MiSU enrolls 175 students at the Minot Air Force Base and enjoys a successful 50+ year history with the Base. Approximately 570 MiSU students receive Department of Defense Tuition Assistance; equal to the other 10 NDUS campuses combined.

- MiSU offers Master's degrees in nine academic areas (8.6% of MiSU's total enrollment is at the Graduate level).

- MiSU's student enrollment includes the 2nd highest proportion of North Dakota residents among the six 4-year NDUS universities.

- Emergency generators for the MiSU Dome ($1.13M) and for the MiSU Student Center ($690K) were ranked as the #5 and #6 highest priority capital projects, respectively, by the SBHE in its 2019-21 ranking.

BUDGET REDUCTION IMPACTS:

- MiSU eliminated approximately 60 FTE positions during the past biennium. These were achieved through a combination of early retirements, vacant positions held open, and reductions-in-force.

- MiSU also reduced its total number of course offerings and reduced adjunct/overload compensation schedules.

- Across-the-board operating budget reductions have been made impacting all departments across campus.

- MiSU restructured its administrative team by eliminating the three College Dean positions.

- To date, no academic, athletic, or significant student service programs have been eliminated at MiSU due to budget reductions. Further reductions to the 2019-21 biennium will likely necessitate the elimination of academic, athletic, and/or student service programs, thus reducing opportunities for students at MiSU. Therefore, MiSU strongly supports the needs-based budget of the SBHE.

FINANCIAL AUDIT FINDINGS:

- In the FY18 Audit, MiSU had one informal audit finding. The finding concerned inconsistencies on how termination benefits were being reported on the note disclosure template in accordance with GASB 47. In its management response, Minot State University agreed with the finding and will ensure that the benefits are reported in accordance with GASB 47 in future reporting.

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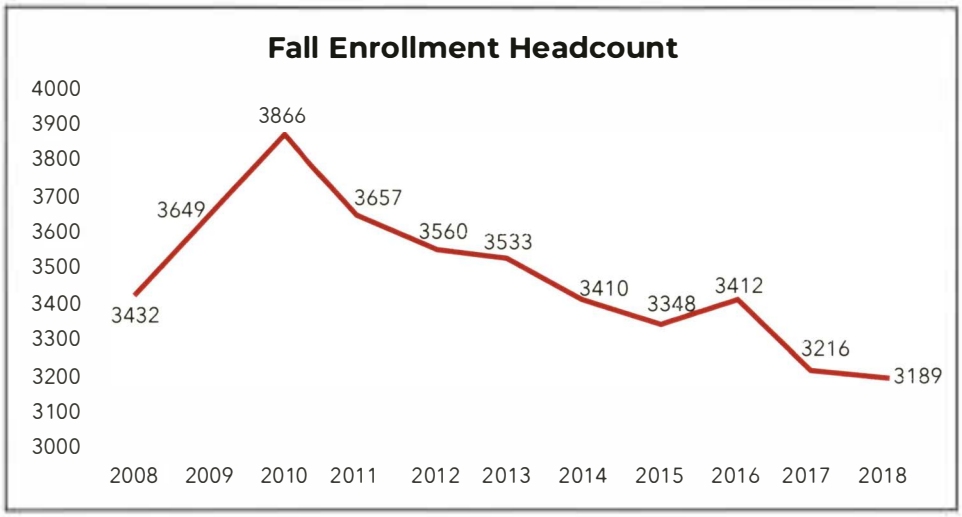
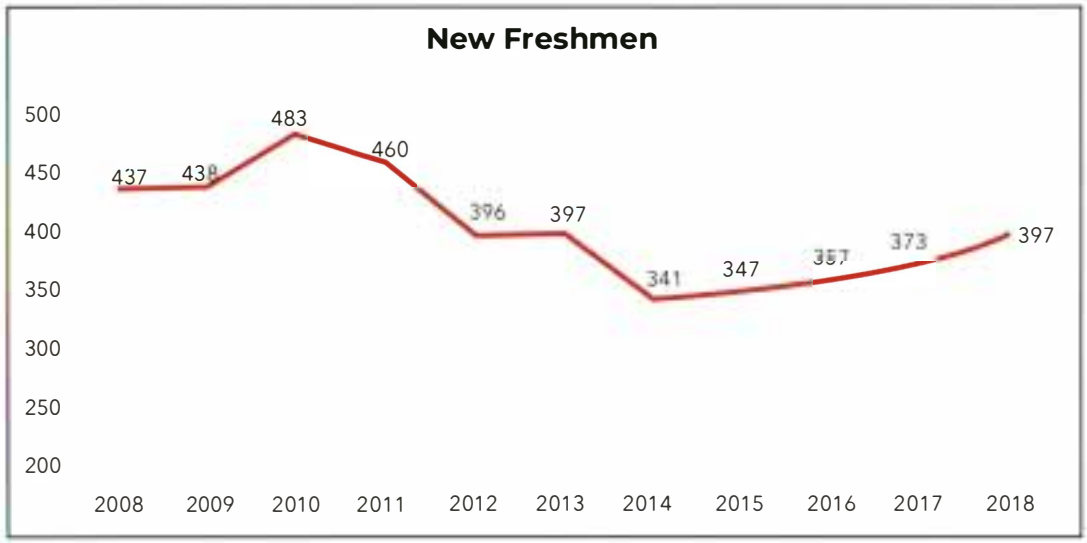
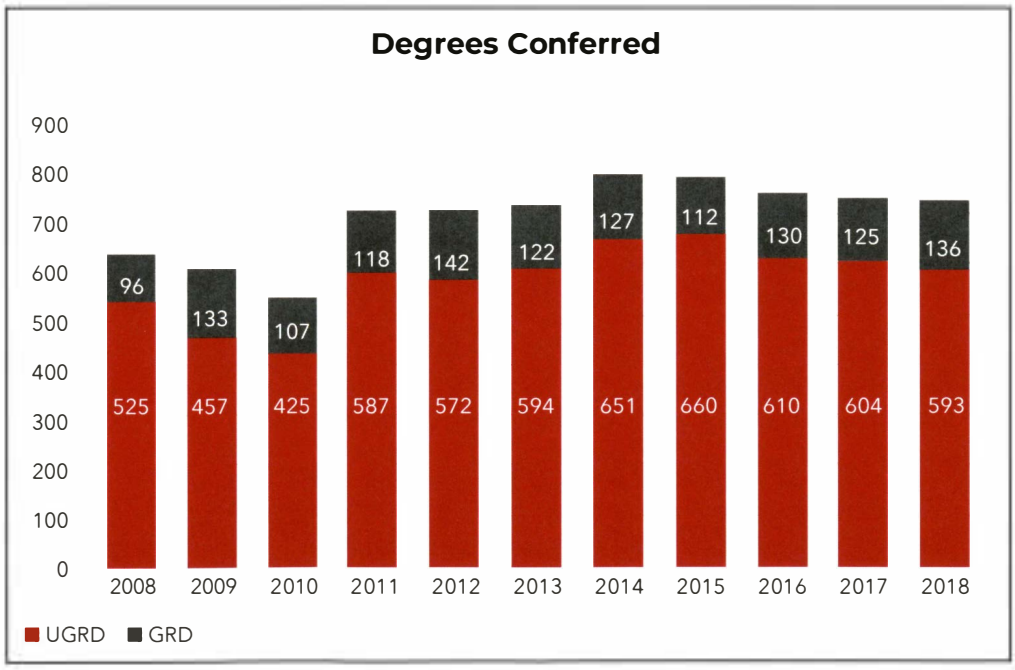
Minot State University – Historical Student Data







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Minot State University – Historical Student Data

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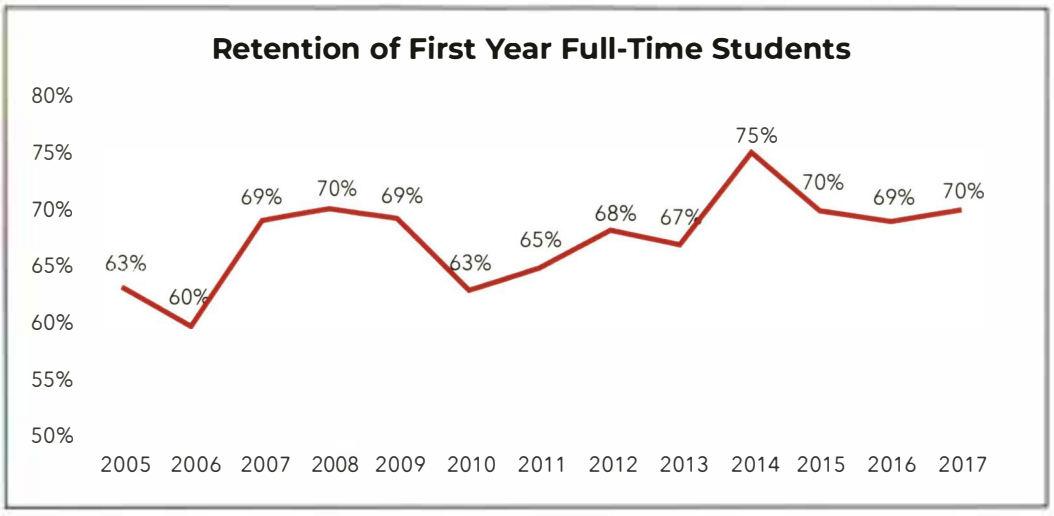
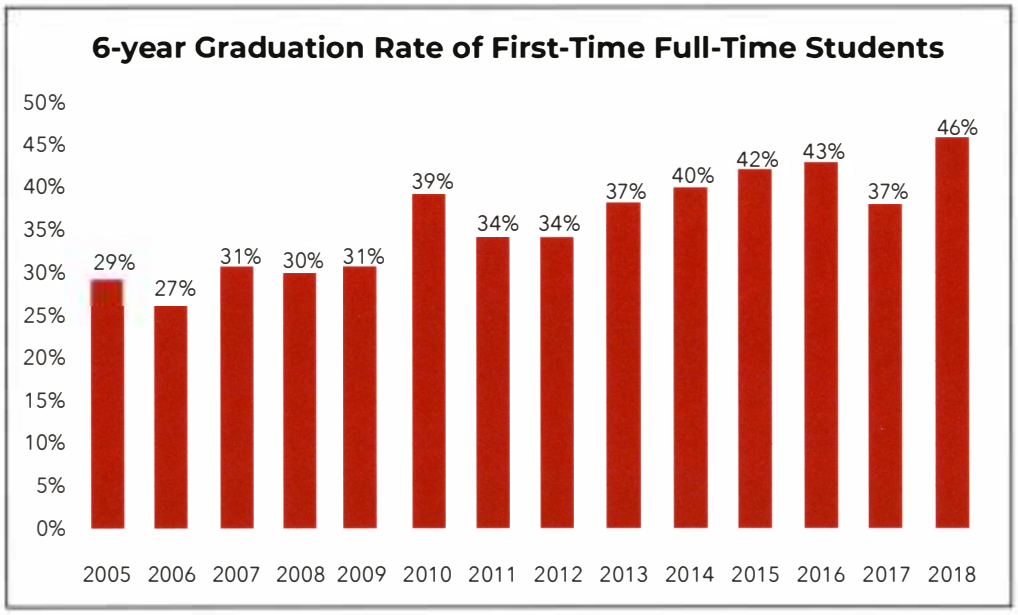
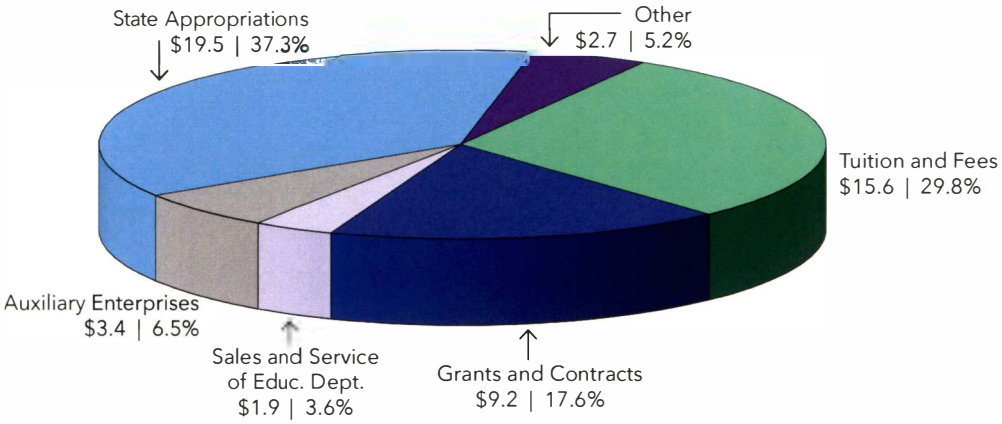




MINOT STATE UNIVERSITY

Total Revenue, Excluding Capital

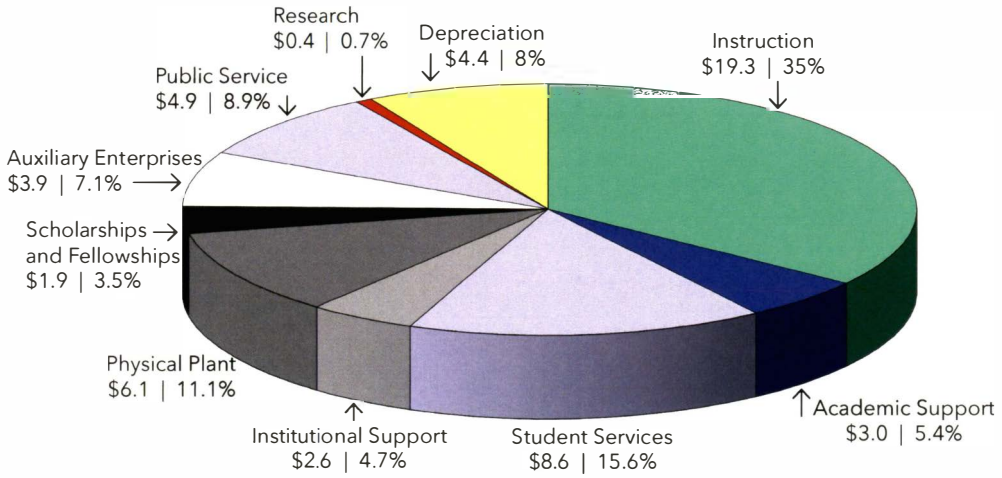
Fiscal Year 2018
($ in millions)



MINOT STATE UNIVERSITY

Operating Expenses by Function

(excluding capital items and other nonoperating expenses)
Fiscal Year 2018
($ in millions)
Total Operating Expenses: $55.1 million



MINOT STATE UNIVERSITY

Comparison of SBHE Request and Executive Recommendation
2019-2021 Biennial Budget

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	SBHE Request 2019-21 Biennium	Executive Recommendation 2019-21 Biennium
Operations - General Fund		
Adjusted General Fund Appropriation	$ 41,182,976	$ 41,182,976
Less one-time carryover & payroll adjustments	(1,266,219)	(1,266,219)
2017-19 General Fund Appropriation	39,916,756	39,916,756
Less included Extraordinary Repairs	(899,620)	(899,620)
MiSU 2017-2019 G.F. Operating Budget	**39,017,136**	**39,017,136**
Less one-time Base Budget Funding	(165,777)	(165,777)
Funding Formula (based on 15-17 SCH enrollment)	(2,300,918)	(2,300,918)
Funding Formula (96% Floor)	710,879	675,335
Additional 5% reduction		(1,872,503)
Compensation & Benefits Package	1,560,227	1,894,038
Base General Fund Operating Request & Recommendation	**38,821,548**	**37,247,312** *
Extraordinary Repairs	899,620	899,620
Special Fund Request and Exec Recommendation	63,302,465	63,663,260
Total Request and Recommendtion for All Funds	103,023,633	101,810,192
NET IMPACT TO OPERATING BUDGETS		
Difference in G.F. Operating Budgets 2017-19 to 2019-21	**-195,588 -0.5%**	**-1,769,824 -4.5%**
Approx. unfunded cost of Tuition Funded Salary Increases	-1,247,999	-1,034,525
Approx. undunded cost of Tuition Funded Benefits	-199,680	-165,524
Net impact to MiSU G.F. And Tuition Operating Budget	**$ (1,643,267)**	**$ (2,969,873)**

* 2015-17 General Fund Operating Budget was $47,858,561
Executive Recommendation represents a two biennium decrease of 22.2% to MSU's general fund operating budget.

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DAKOTA COLLEGE AT BOTTINEAU

January 16, 2019

66th Legislative Assembly – Senate Appropriations Hearing

Biennium Highlights:

- DCB named by the SR Education Group as one of the top 20 most affordable accredited online community colleges in the country for 2017, 2018, 2019

- Onlinecolleges.com released its top five rankings for online teacher aide programs in the nation. Dakota College at Bottineau ranked in at #1 with the online paraprofessional educator program. The paraprofessional educator early childhood major prepares individuals to work with children in a variety of settings including daycare centers, preschool programs, home childcare, and schools.

- Dakota College at Bottineau was awarded grant funds of $127,000 from the Otto Bremer Trust for the purchase of nursing training equipment. The grant funded the purchase of three simulation manikins to train students at the Trinity Health Center satellite location of the Dakota Nursing Program.

- DCB was the recipient of a US Department of Agriculture grant to support ND farmers markets and market producers. The grant funding of $297,325 will enable DCB to provide technical assistance to the growing number of farmers markets in the state and will benefit 50 farmers markets and about 500 farmers market vendors.

- DCB achieved record enrollments in both 2017 and 2018. The fall 2017 enrollment of 909 and the fall 2018 enrollment of 996 eclipsed the previous high of 863 students in the fall of 2010.

- DCB's nursing programs reached a record enrollment in fall 2018. Enrollment in the Practical Nursing program was 50 students, with another 40 students enrolled in the Associate Degree Nursing program. DCB is one of four colleges that comprise the Dakota Nursing Program and has the 2nd highest nursing enrollment of the four colleges.

- Dakota College at Bottineau announced the first LEAP (Leading to Education and Advanced Preparation) program graduates. Designed for high schools, LEAP allows high school students to earn a Certificate of College Studies alongside their high school diploma. In May, 2018, DCB graduated seven students from this program; one from Midkota High School and six from Mohall High School.

- DCB continues to be part of a cohort of approximately 20 colleges in the Higher Learning Commission's Persistence and Completion Academy. During this four-year program, DCB will develop and implement strategies to improve student persistence and completion at DCB.

- The DCB Hockey team won the 2017 NJCAA Championship with a win in Binghamton, NY over Erie Community College. This was the Lumberjacks 10th national championship in junior college hockey.

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Partnerships/Efficiencies:

- DCB has completed two years of a Shared Services agreement with Minot State University in which the university provides additional financial management support for Dakota College. DCB's Business Manager, while still housed at DCB, is officially part of MiSU's Business Office. This arrangement provides more consistency in financial reporting and has been a major help in minimizing the disruptions caused by recent turnovers in the chief financial officer position.

- DCB has expanded its nursing program at Trinity Health in Minot. Trinity Health recently provided expanded and remodeled facilities to house the program at its St. Joseph's Healthcare campus.

- DCB is a member of the Dakota Nursing Program consortium, along with Bismarck State College, Lake Region State College and Williston State College. DCB offers nursing education at its sites at Bottineau, Minot and Valley City.

- DCB collaborates with Minot State University on the Passport Program and with Valley City State University on the Bridges program. Both of these programs serve students who do not meet the universities' admission requirements. Upon successful completion of 24 credits, Passport and Bridges students can transfer to the university.

- DCB's partnership with Minot State University is unique within the system and serves as a foundation for the sharing of many services and programs. For example, MiSU provides payroll services for DCB. It also provides office space for DCB staff located on the Minot campus. MiSU has also provided IT support for the DCB nursing program as well as publication and printing services for DCB.

- DCB participates in the Northern Information Technology Consortium along with WSC, LRSC, TMCC and MiSU. The purpose of the NITC is to provide cross-listed IT courses in order to maintain program viability and increase efficiencies in a historically high-cost program.

- DCB, LRSC and WSC participate in a consortium that provides mental health services to students across the three campuses through the use of the interactive video network in order to more effectively and efficiently use existing staffing.

- DCB will be implementing a new agriculture program in the fall of 2019. Through the use of distance delivery, the program will utilize courses from Lake Region State College and Williston State College and Dakota College at Bottineau and will operate similarly to the Northern Information Technology Consortium.

- DCB has fully transitioned its online courses from the Moodle learning management system (LMS) to the Blackboard learning management system. This initiative was undertaken to respond to the North Dakota University System's directive to have all colleges using the same LMS.

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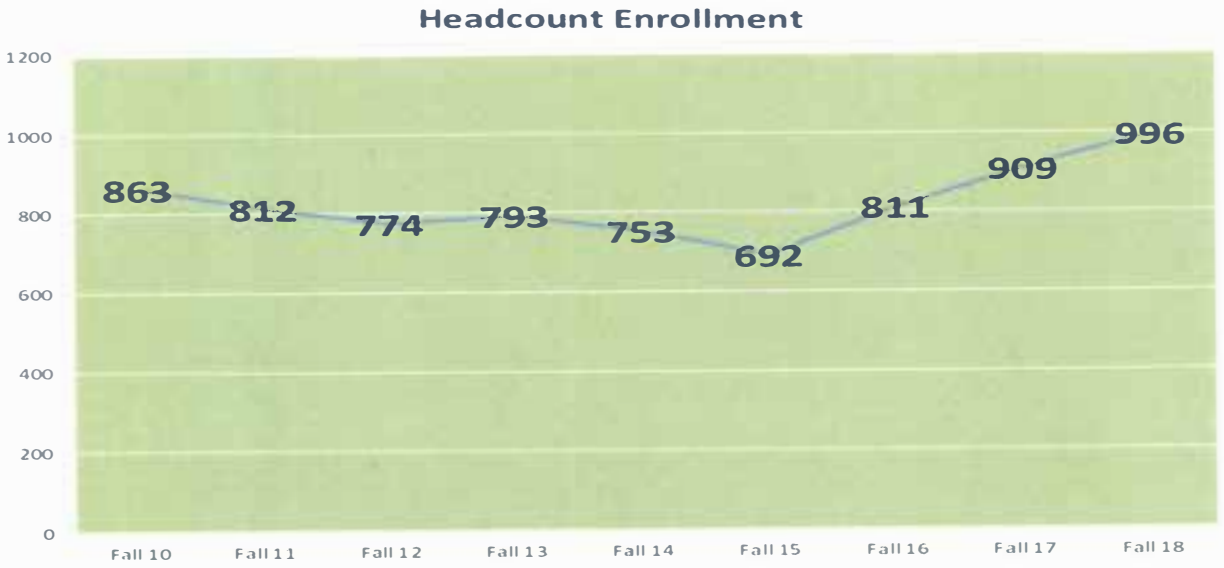
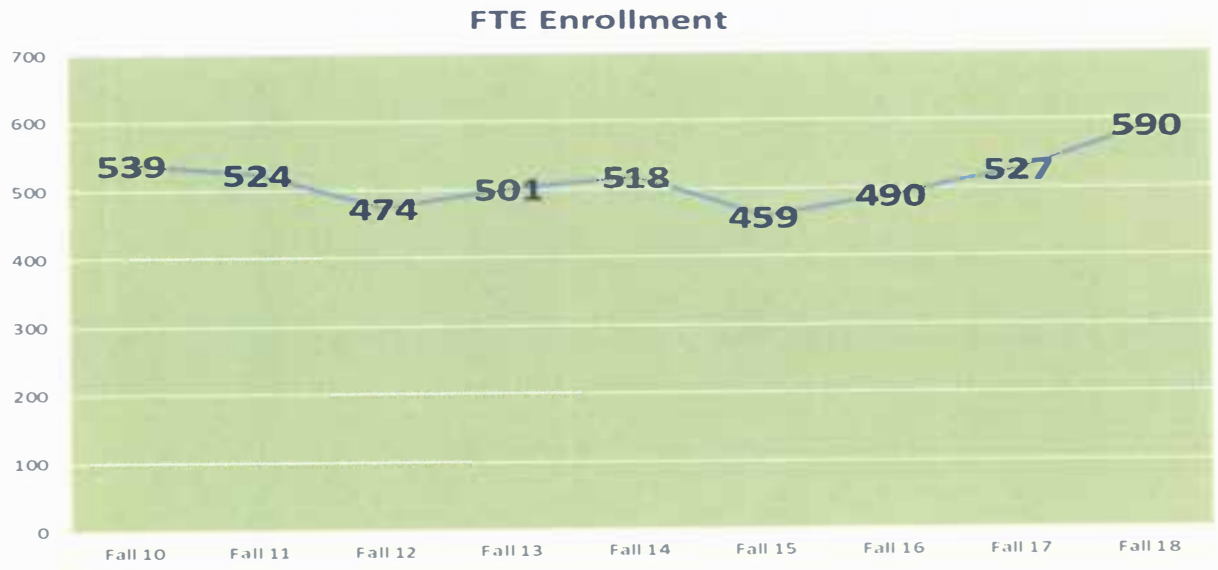
Enrollment pattern (2010 – 2018)



Headcount enrollment increased by:

- 9.6% - fall 17 to fall 18
- 22.8% - fall 16 to fall 18



FTE enrollment increased by:

- 11.9% - fall 17 to fall 18
- 20.4% - fall 16 to fall 18

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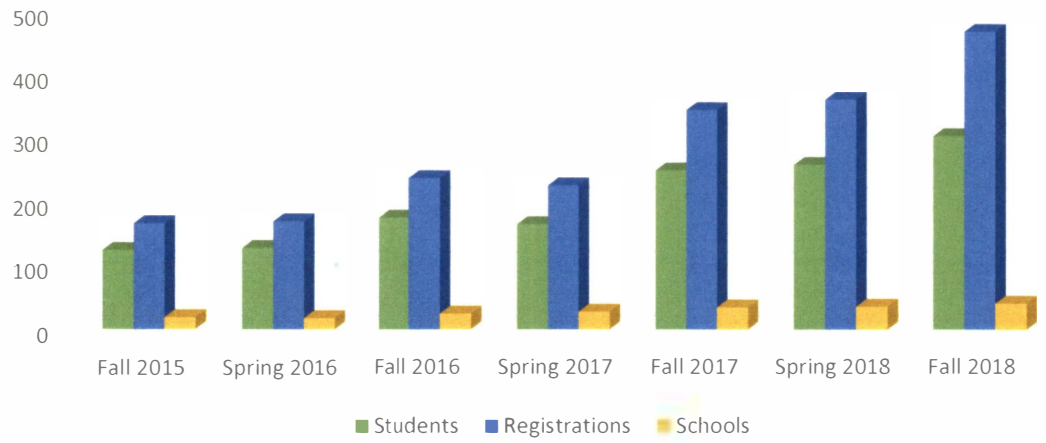
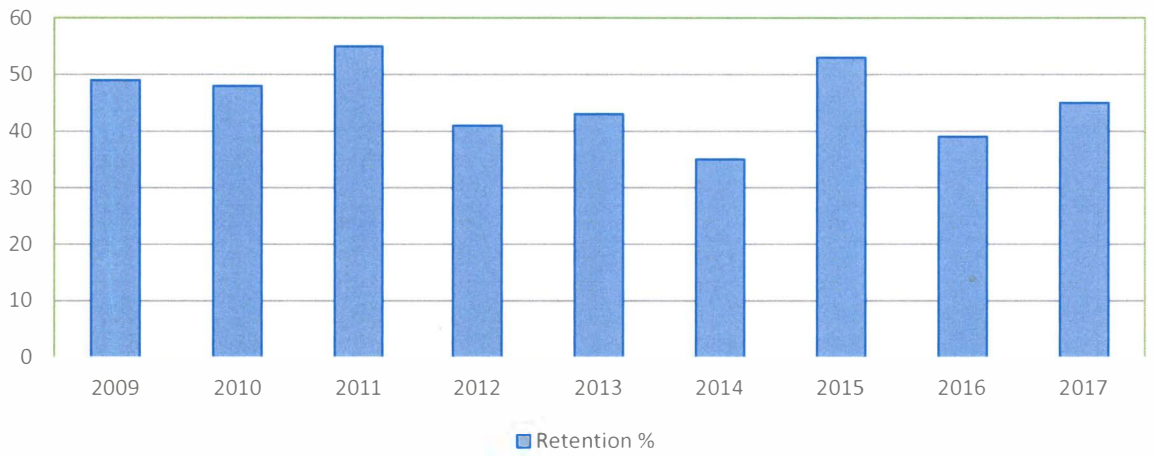
Early Entry/Dual Credit Enrollments



Retention Rate - 1st yr. to 2nd yr.



Graduation Rates



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DAKOTA COLLEGE AT BOTTINEAU

Comparison of SBHE Request and Executive Recommendation
2019-2021 Biennial Budget

	SBHE Request 2019-21 Biennium		Executive Recommendation 2019-21 Biennium	
Operations - General Fund				
Adjusted General Fund Appropriation	7,852,997		7,852,997	
Less one-time carryover & payroll adjustments	(170,458)		(170,458)	
2017-19 General Fund Appropriation	7,682,539		7,682,539	
Less included Extraordinary Repairs	(114,007)		(114,007)	
DCB 2017-2019 G.F. Operating Budget	**7,568,532**		**7,568,532**	
Less one-time Base Budget Funding	(29,594)		(29,594)	
Funding Formula (based on 15-17 SCH enrollment)	(233,523)		(233,523)	
Additional 5% reduction			(370,971)	
Compensation & Benefits Package	308,695		349,437	
Base General Fund Request & Recommendations	**7,614,111**		**7,283,882**	
Extraordinary Repairs	114,007		114,007	
Special Fund Request and Exec Recommendation	13,674,670		16,270,121	
Total All Funds	21,402,788		23,668,010	
Difference in G.F. Operating Budgets 2017-19 to 2019-21	**45,579**	**0.6%**	**-284,650**	**3.8%**
Approx. unfunded cost of Tuition Funded Salary Increases	-105,923		-87,108	
Approx. unfunded cost of Tuition Funded Benefits	-16,948		-13,937	
Net impact to DCB G.F. And Tuition Operating Budget	**$ (77,292)**		**$ (385,695)**	

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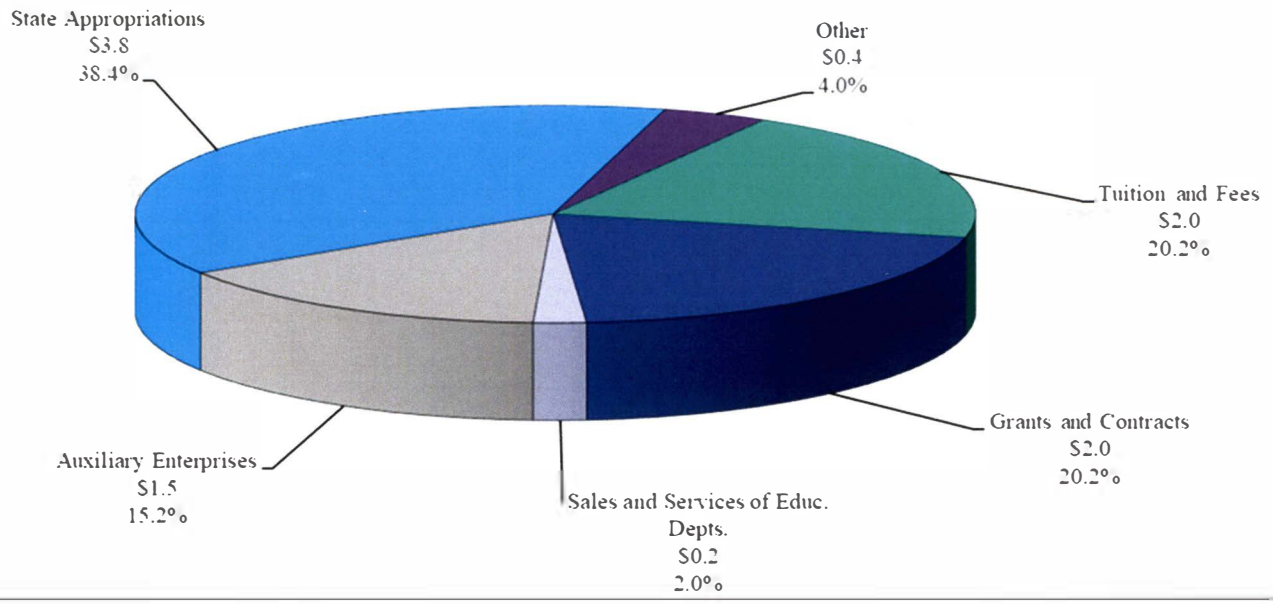
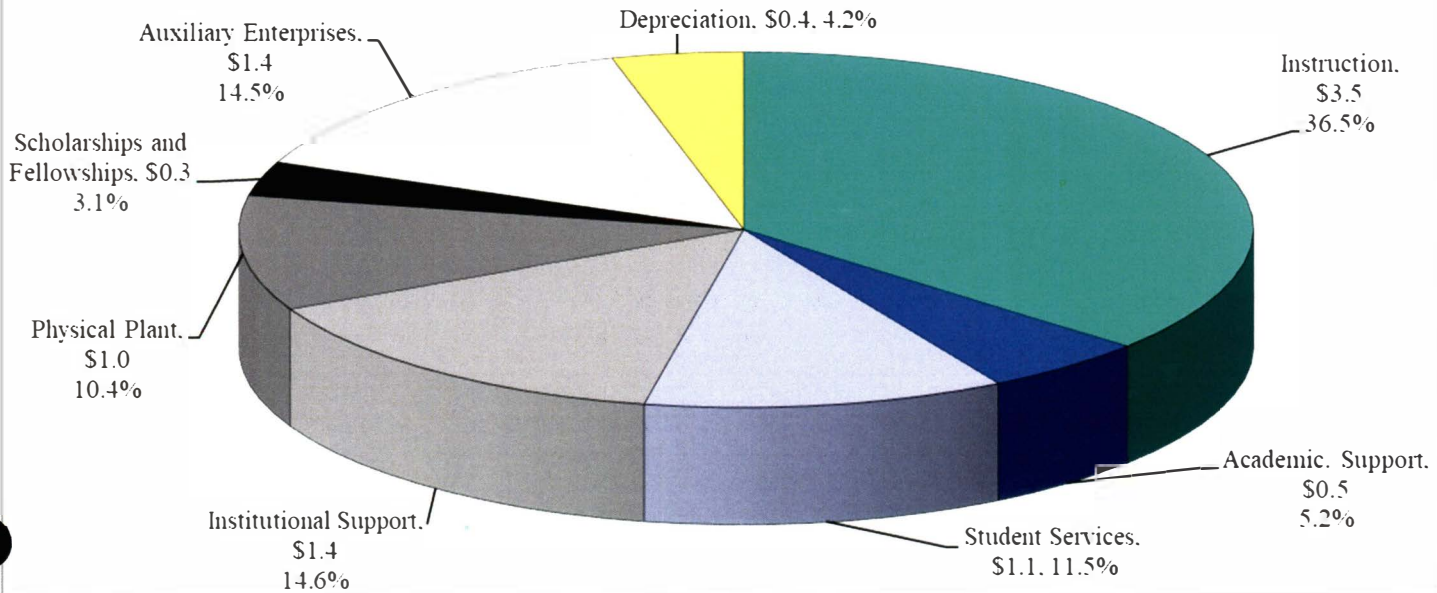
Dakota College at Bottineau
Total Revenue, Excluding Capital
Fiscal Year 2018
($ in millions)
Total Revenue $9.9 million



Dakota College at Bottineau
Operating Expenses by Function
(excluding capital items and other nonoperating expenses)
Fiscal Year 2018
(in millions)
Total Operating Expenses: $9.6 million



Capital Projects

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- Nelson Science Center
  - Funding of $1,098,789 allocated in 2015-2017 biennial budget, reduced by ~ $71,900 due to allotments
  - Major HVAC and restroom upgrades
  - Phase II needed to complete the project ($1,177,758)
    - Complete HVAC systems to classrooms and offices, install new ceiling grids, lay-in tile, lighting fixtures and lighting controls and install new sprinkler system throughout the building for fire protection (which the building does not currently have), replace science lab furniture and fixtures





- Replace Back-up Boiler ($437,492)
    - If the primary boiler breaks down during severely cold weather, the campus would likely be shut down in order to keep the residence halls heated



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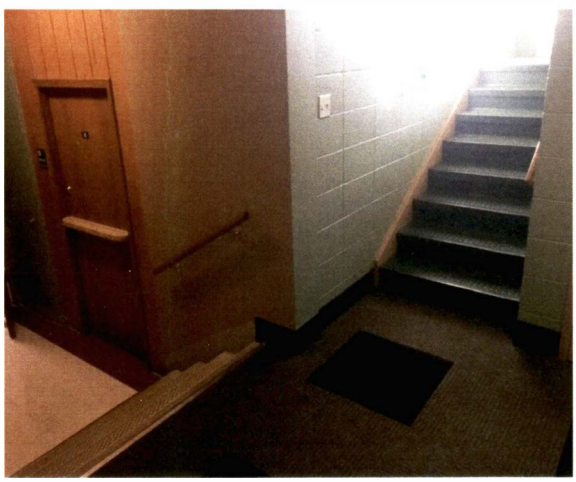
- Major Challenge - Dining Center/Residence Halls
    - Not on SBHE priority list of projects – but this is a priority for the college because residence halls are the foundation of a sound living/learning environment
    - Dining Center is essentially in a "basement" and is not handicapped accessible
        - **Bonding request of $2.5 million for new space to relocate Dining Center with existing Student Center as well as renovate the Student Center**



Entrance to Dining Center is located in a men's residence hall and requires two flights of stairs



Unloading entrance to Dining Center

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Seating area – no improvements to HVAC since constructed, no natural light

- All 3 residence halls are "traditional" late 50's, early 60's style – i.e., 2 to a room, communal bathroom facilities each floor, limited student study and lounge areas
- Needs – new windows, lighting, and circulation, remodel bathrooms, ADA compliance, furnishings, carpets, mechanical heating systems
- Deferred maintenance needs may make new construction a more cost effective alternative

Employee Compensation

- Last analysis showed salaries at 76% of market rate
- Most recent searches had limited candidate pools

Findings – Audit Report *(June, 2018)*

- No findings

WILLISTON STATE COLLEGE
2019 LEGISLATIVE PRESENTATION

WILLISTON STATE COLLEGE
MISSION

Williston State College, "**Where the People Make the Difference**," is an open admission learner-centered, comprehensive community college of the North Dakota University System.

The college's mission is to provide accessible, affordable, life-changing, and life-long educational pathways to residents of North Dakota, the Upper Plains, and beyond.

WILLISTON
STATE COLLEGE

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ACADEMIC & TRAINING PROGRAMS
AT WSC

TRANSFER
A.A. & A.S.

CAREER & TECHINICAL
Accounting, Agriculture Business & Industry, Business Management, Information Management, Massage Therapy, Nursing, Petroleum Production Technology, Recreation and Sports Management, Speech Language Pathology Paraprofessional, Transportation Technology, Welding Technology (A.A.S. and Certificate)

TRAINND
Short-term and customized training



WILLISTON
STATE COLLEGE

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WILLISTON STATE COLLEGE
NEW PROGRAMS & OPPORTUNITIES

- Nursing Expansion – Tioga (2018) & Watford City (2020)
- CNEA (Commission for Nursing Education Accreditation) Pre-Candidacy (2018)
- NACEP (National Alliance of Concurrent Enrollment Partnerships) Accreditation (2019)
  (107 Colleges and Universities are currently NACEP accredited in the US)
- New Programs – Agriculture Business and Industry & Recreation and Sports Management
- Apprenticeship Program in Industrial Maintenance (NIMMS) (fall 2019)
- GED and Adult Education Center – Watford City

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WILLISTON STATE COLLEGE
WORKFORCE TRAINING & RELATED PROGRAMS

- **High Priority Programs & Initiatives**: The Community College Technical Education Consortium (CTEC), in planning for strategic workforce initiatives, recognizes rapid changes occurring in the ND workforce, and the need for 2-Year campuses to develop courses, programs, and certificates that adapt to the dynamic 21st century work place environment. Funding is needed to support the development and/or modification of academic & technical offerings that address workforce needs. Priority needs include allied health, agriculture, energy, and industrial maintenance degree and certificate bearing programs.
- **Scholarships in Critical Need Areas:** WSC supports the expansion/creation of scholarship programs that respond to workforce needs by providing support for students engaging in high demand and skilled workforce areas.

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WSC PARTNERSHIPS

COLLABORATIVE EFFORTS & SHARED SERVICES

- 2+2 program MOU's with MSU, VCSU, DSU, MiSU, Rasmussen College, and University of Mary
- Allied Health articulation agreement with Rasmussen College
- Dakota Nursing Program (WSC, LRSC, DCB, BSC)
- Northern Information Technology Consortium (WSC, LRSC, DCB, TMCC, MiSU)
- Mental Health Services Cooperative (WSC, DCB, LRSC)
- North Dakota Ag Consortium (WSC, DCB, LRSC)
- NDUS Title IX Training
- BAKKEN U Training Initiative (WSC, DSU, BSC, DCB, and MiSU)
- Shared Payroll Services (NDSU)

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WSC PARTNERSHIPS
COMMUNITY CONNECTIONS

- Shared Services Agreement (Williston Recreation District)
- SBDC Shared Space with Williston Regional Economic Development
- Banquet and Event Hosting:
  - Pheasants Forever charity fundraiser
  - Rocky Mtn. Elk Foundation charity fundraiser
  - Upper Missouri Relay for Life charity fundraiser
  - CHI St. Alexius Charity Ball
  - One Million Cups entrepreneurial monthly meeting
  - Oasis Petroleum monthly and quarterly employee meetings
  - Equinor quarterly employee safety meetings
  - Williston Chamber Bakken Rib Fest
  - Williston Festival of Trees charity fundraiser

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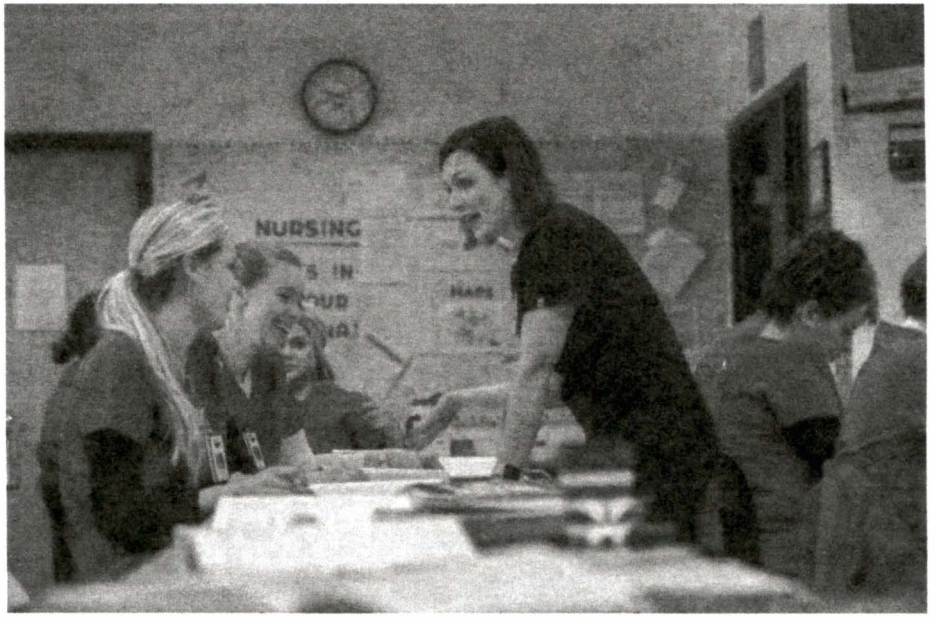
STUDENT ENROLLMENT & DEMOGRAPHICS

ENROLLMENT

FULL-TIME EQUIVILENT (FTE)
Fall 2017 – 763.44
Fall 2018 – 805.62
HEAD COUNT
Fall 2017 – 1,098
Fall 2018 – 1,124
FULL-TIME EQUIVILENT (FTE)
Spring 2017 – 743.56
Spring 2018 – 700.87
HEAD COUNT
Spring 2017 – 1,168
Spring 2018 – 1,164
Average 5 Year Trend (2013-2018)
Head Count – 27% increase
FTE – 21% increase



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STUDENT ENROLLMENT & DEMOGRAPHICS

STUDENT DEMOGRAPHICS FALL 2018



Total Head Count	1124
Total FTE	805.62
Full-Time	645 (57%)
Part-Time	479 (43%)
On-line	231 (21%)
Early Entry	266 (23%)
International	38 (03%)
Male	421 (37%)
Female	703 (63%)
Freshmen	744
Sophomore	380
Average Age	18-24

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STATE COLLEGE

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STUDENT ENROLLMENT & DEMOGRAPHICS

STUDENT DEMOGRAPHICS FALL 2018

ENROLLMENT (TOP 3 STATES) Fall 2018

North Dakota – 893 (79%)

Montana – 124 (11%)

Colorado – 10 (1%)

ENROLLMENT (TOP ND COUNTIES) Fall 2018

Williams County – 589

McKenzie County – 71

Ward County – 45

Mountrail County – 43

Mercer – 25

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STATE COLLEGE

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RETENTION
AND STUDENT SUCCESS

Student Retention Rates Fall to Spring		
	Fall 2015 to Spring 2016	**Fall 2016 to Spring 2017**
First-time, Full-time Freshmen	74.6% (211/283)	82.6% (199/241)

Freshman to Sophomore Retention Rates Fall to Fall		
	15/16 to 16/17 School Year	**16/17 to 17/18 School Year**
First-time, Full-Time Degree-Seeking Students	57%	57%

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RETENTION
AND STUDENT SUCCESS

Graduation Rates

- 2016 Graduates – 169 Degrees Awarded – 248
- 2017 Graduates – 225 Degrees Awarded – 389

Academic Support

- Specialized advising for first year students, mandatory advising each term
- Open access Communication and Math Labs (tutoring and drop-in assistance)
- Student peer tutors
- Self-paced mastery learning mathematics programs (EdReady and ALEX)
- Adult Learning Center (ELL instruction and GED prep)
- Full-time Accessibility and Retention Specialist

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SUPPORTING STUDENTS
SCHOLARSHIP PROGRAMS

Primary Impact Counties – Williams, McKenzie, Burke, Mountrail, and Divide counties (North Dakota)
Daniels, Richland, Sheridan, Roosevelt, and Valley (Montana)

WSC Foundation County and Regional Scholarships
2017 – 570 students ($2.4 million)
2018 – 518 students ($1.8 million)
** Fall 2018 Regional Scholarship Program ($1.19 million in support for 493 students)

WSC Students receiving all types of Financial Aid
2017 – 75%
2018 – 73%

WSC Foundation Housing Stipends (Concurrent with County and Regional Scholarship Programs)
2017 – $81,000
2018 – $93,000

Challenge Grant Matching Funds (WSC Foundation and Challenge Grant) - $1.8 Million (to date), supporting both transfer and career technical programs of study at WSC.

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BUDGET
STATE GENERAL FUND | WSC

Budget

State General Fund / WSC

Appropriated Funding

2013-2015	2015-2017	2017-2019	2019-2021 (Projected)	Total Decrease
$12,981,307	$9,388,952 (-28%)	$8,504,414 (-9%)	$8,360,503 (-2%)	$4,620,804 (-39%)

4% Salary Increase		252,014.00
One-Time Funding Formula		1,289,220.00
Total Appropriated	$	9,901,737.00

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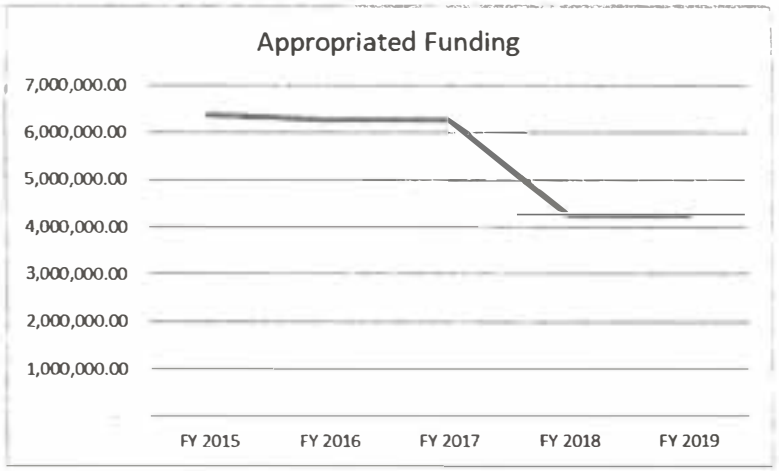
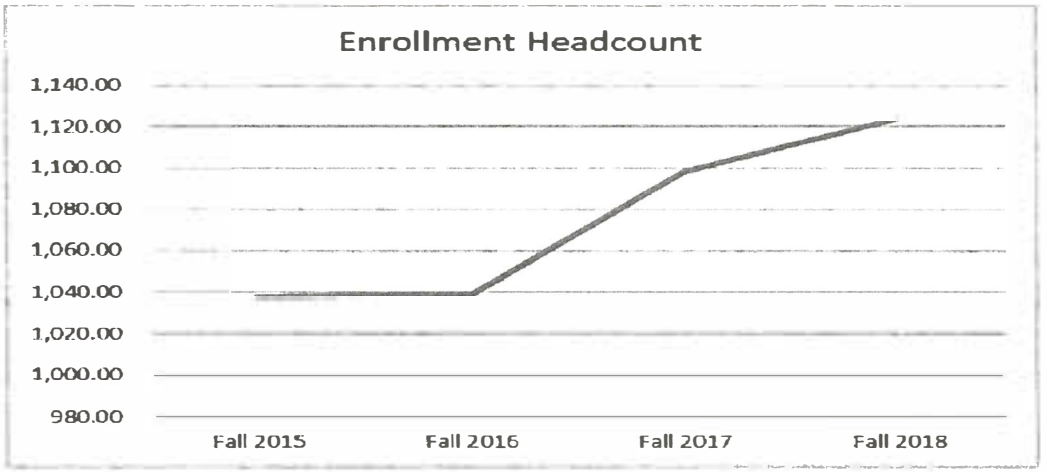
BUDGET
STATE GENERAL FUND | WSC





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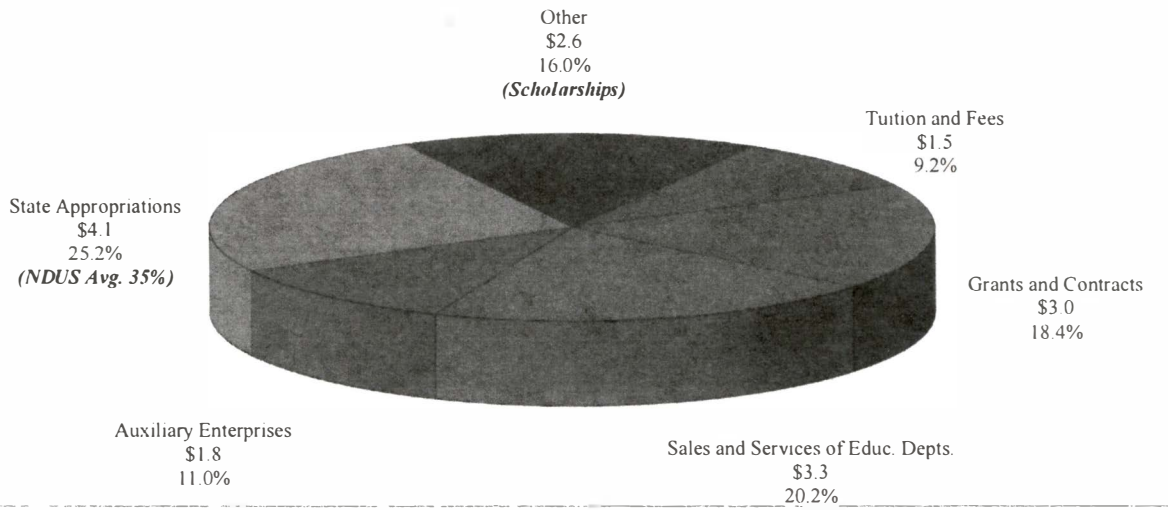
BUDGET

REVENUE | TOTAL REVENUE (EXC. CAPITAL) $16.3 MILLION (FY 2018)



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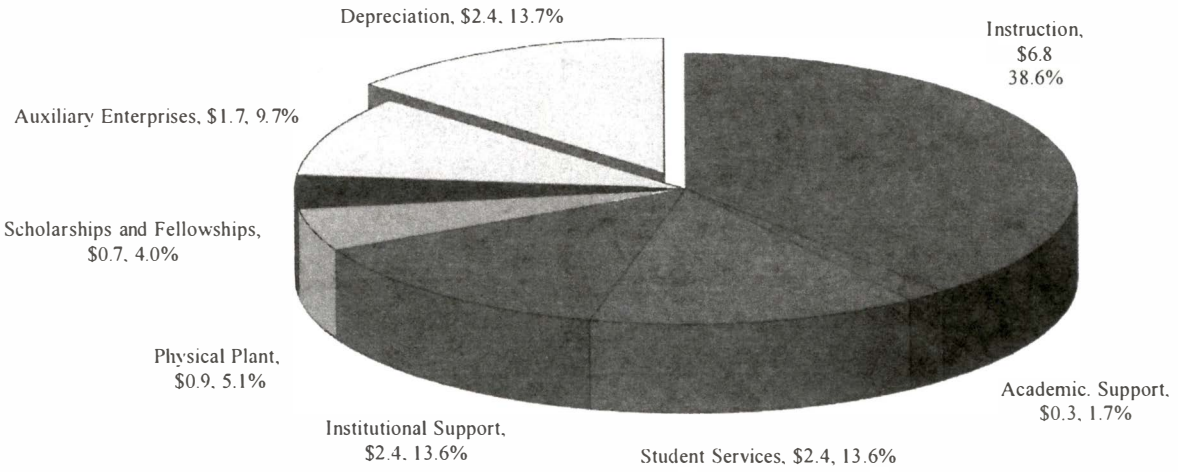
BUDGET
EXPENDITURES | TOTAL EXPENSES $17.6 MILLION (FY 2018)



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BUDGET
STAFFING PROFILE FY 2019

- Full-time faculty and staff – 102 (2 FTE's Supported by Auxiliary Accounts/Foundation)

  (2015 Full-time faculty and staff – 110 FTE's)
- Full-time Faculty – 32
- Part-time Adjunct Faculty – 32
- Full-time Staff – 68 (including contract trainers w/ TrainND and WSC Foundation Staff)

In 2017 and 2018: 16/68 (24%) of full-time Staff Members (including TrainND and WSC Foundation) took on additional job duties without additional pay.

In 2017 and 2018: 14/32 (44%) of full-time Faculty took on overload teaching assignments in addition to their full-time teaching load of 15 credits.

Did You Know?

Williston State College contributes over $50 million in Total Economic Impacts to the NW region and the State of North Dakota.

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STATE COLLEGE

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BUDGET
ADJUSTMENTS FOR THE FY17-19 BUDGET

- No salary increases in FY16 and FY17 for WSC and TrainND staff
- Hiring Freeze for WSC and TrainND (new employees)
- 90-Day Mandatory waiting period when replacing incumbent positions
- Unfilled faculty and staff positions (14 positions)
- Combination of Staff positions and duties
- Green Schedule Strategies
- Reduction in travel and professional development budgets
- $1 million from reserves to make up for reduction in funding

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STATE COLLEGE

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BUDGET
FISCAL CHALLENGES

- Retaining Faculty and Staff
  - Cost of living in Williston is +5.2% more than other communities in ND with a college/university (SMART Asset Index)
  - WSC Turnover 2012-2018 (26%)
  - Regional Salaries
    - WSC Average Staff Salary - $49,262
    - WSC Average Faculty Salary - $60,694
    - Average North Dakota Salary - $51,188
    - Average NW North Dakota Salary - $75,189
    - Average Hourly Rate, NW Region - $26.50/Hour
    - NW North Dakota Job Openings – 1,411 (December 2018)



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QUESTIONS/COMMENTS
FOR WILLISTON STATE COLLEGE



Dr. John Miller, President | john.s.miller@willistonstate.edu | 701.774.4231

WILLISTON
STATE COLLEGE

APPENDICES

- Summary Letter from the President
- Student Enrollment Trends (part time and full time students)
- WSC Student Life Activities
- WSC Budget Overview
- WSC Audit Findings and Action Steps

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STATE COLLEGE

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House Appropriations – Education Division

Testimony on HB 1003
Williston State College
January 16, 2019

Summary Comments

Mr. Chairman and committee members, hello, my name is John Miller, and I am the President at Williston State College. It has been an honor to speak with you today about WSC. At WSC, we take our mission as a community college seriously and strive to serve the educational, workforce, and enrichment needs of the people of northwestern North Dakota and the Upper Plains.

The last two biennia have seen a slowdown and resurgence in the energy and transportation sectors in NW North Dakota. Businesses, governmental agencies, and our education system have since had a chance to catch up. WSC, and our region, has seen significant growth over the past five years in population, business, infrastructure, and student numbers, both in K-12 and higher education. For WSC, this growth and change, while not always easy, has generally been manageable. In the next biennium we will continue to work hard to show we are a reliable and responsible member of the NDUS, and that we are a valuable center for educational opportunity in NW North Dakota. We have seen changes in our campus, in teachers and support personnel, and in leadership, but through it all WSC has stayed committed to our core belief that "people make the difference."

During my presentation you heard me paint a picture of steady growth at WSC over time; of the assets we will use to their highest effect in the next biennium; the challenges we face moving forward; and the things we are doing to support students and enhance their educational experience at WSC. Never has there been a more important time than now to be good stewards of the resources we have, and to use those resources intelligently and prudently for maximum benefit. Through the next biennium, WSC is committed to "living within our means" while providing the best education we can for our students and the communities we serve. Our commitment to serve goes well beyond the students who attend WSC and extends to our K-12 colleagues, business and industry partners, local communities, and the governmental agencies we work with on the local, state, and national levels.

There are some factors in the educational environment, budget, and general events that are beyond our direct control, but we can always honor our institutional commitment to students. Students are the lifeblood of any college or university, and the days are long gone

when we can simply "turn the lights on" and expect students to come to WSC, and more importantly, to stay and find success here. Now more than ever, it is incumbent on WSC's educators, administrators, and support personnel to do everything we can to help students find success and completion at our institution. The process starts with purposeful and continuous recruitment of students, full disclosure of the costs they and their families will bear to support their education, and helping them understand the academic rigor they will experience at WSC.

The better we and our K-12 partners prepare high school students for their future academic journey, the better these students will do. This requires supporting younger students academically, emotionally, and socially as they navigate through a time that has always been difficult for students. Many are on their own for the first time in their lives and need an anchor to family and community. It also means going the extra mile for our older students, many of whom are entering WSC from military careers, life/career changes, and in many cases bringing with them significant language barriers. For these older students, college is a puzzle they simply will not solve without our active assistance and intervention.

Despite the challenges we face moving into the 2019-2021 biennium, WSC will begin with a balanced budget plan to support institutional activities. Our personnel profile, while lean, allows us to provide instructional and support services for our students. Materially, the physical plant and campus infrastructure, along with educational and support space, is adequate to our needs, and where improvements are warranted, planning is made for renovation and improvements. To help in the challenging financial times we find ourselves in, we will draw upon additional support through the generosity of the WSC Foundation and resources we leverage from local business and industry partners. Williston State College, from its early history as a small extension campus for UND, has always shown a "can do" approach to serving the communities and people of northwestern North Dakota, and we will continue that legacy in the next biennium. Please feel free to contact me with follow-up questions and your comments.

Respectfully Submitted,

John Miller
President
Williston State College

STUDENT TRENDS
AT WSC

ENROLLMENT FACTORS:

1. EARLY ENTRY/DUAL CREDIT ENROLLMENT
2. WSC FOUNDATION SCHOLARSHIP (FULL TIME STUDENTS ONLY)
3. BAKKEN JOB MARKET AND "JOB OUTS"
4. GROWTH OF ONLINE ONLY AND HYBRID STUDENTS

Student Enrollment Breakdown
Enrollment Status

	Fall 2014	Spring 2015	Fall 2015	Spring 2016	Fall 2016	Spring 2017	Fall 2017	Spring 2018
Part-Time	462 (52%)	628 (62%)	435 (42%)	544 (53%)	419 (40%)	615 (53%)	483 (44%)	669 (57%)
Full-Time	421 (48%)	381 (38%)	603 (58%)	484 (47%)	620 (60%)	553 (47%)	615 (56%)	495 (43%)

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WILLISTON STATE COLLEGE
STUDENT LIFE

- Tetons Lead Community Service Projects
- Student Safety and Awareness Speaking Series
- Student Support Food Vouchers
- Weekly "Tetons Talk" Peer Counseling Sessions
- Weekly Student Life Events
- Future Fest Student Planning Events
- Campus Wellness and Health Monitoring
- Diversity Events
- Monthly Transitional "School to Living" Events

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Williston State College
Statement of Revenues, Expenses and Changes in Net Position

OPERATING REVENUES	FY 2019*	FY 2018	Amount Change
Student tuition and fees (net of scholarship allowances of $ and bad debt allowance of $)	1,523,501	1,523,501	-
Federal grants and contracts (net of bad debt allowance of $)	1,177,000	1,255,235	(78,235)
State grants and contracts	566,000	566,764	(764)
Nongovernmental grants and contracts (net of bad debt allowance of $)	1,361	2,474	(1,113)
Sales and services of educational departments (net of bad debt allowance of $)	3,410,017	3,251,024	158,993
Auxiliary enterprises (net of scholarship allowances of $ and bad debt allowance of $)	1,805,980	1,835,977	(29,997)
Other operating revenue	7,463	14,785	(7,322)
Total operating revenues	**8,491,322**	**8,449,760**	**41,562**
OPERATING EXPENSES			
Salaries and wages	9,565,763	10,075,033	(509,270)
Operating expenses	3,975,857	3,648,718	327,139
Data processing	243,267	267,518	(24,251)
Depreciation expense	2,394,276	2,394,276	-
Scholarships and fellowships	855,030	855,030	-
Costs of sales and services	396,594	392,797	3,797
Total operating expenses	**17,430,787**	**17,633,372**	**(202,585)**
Operating income (loss)	**(8,939,465)**	**(9,183,612)**	**244,147**
NONOPERATING REVENUES (EXPENSES)			
State appropriations	4,097,000	4,100,000	(3,000)
Federal grants and contracts (net of bad debt allowance of $)	1,318,932	1,279,784	39,148
Gifts (net of bad debt allowance of $)	2,627,996	2,560,895	67,101
Endowment and investment income	1,420	6,022	(4,602)
Interest on capital asset related debt	(633,845)	(633,729)	(116)
Gain (loss) on capital assets	(47)	(6,026)	5,979
Other nonoperating revenues (expenses)	4,408	3,354	1,054
Net nonoperating revenues (expenses)	**7,415,864**	**7,310,300**	**105,564**
Increase (decrease) in net position	**(1,523,601)**	**(1,873,312)**	**349,711**

*- Note 6 Months of these amounts are estimates.

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Formal 17-1 - Noncompliance with Procurement Rules

Condition: WSC did not properly procure five of the eleven items in the procurement transactions that we reviewed (totaling $308,409).

Effect: Without properly procuring commodities and services, there was noncompliance with the WSC Purchasing Policy, NDUS procedures, and ultimately, noncompliance with NDCC chapter 54-44.4.

Cause: Williston State College did not fully understand what was required for the different purchasing thresholds.

Criteria: NDCC section 15-10-17 part 5, states in part, that the SBHE may determine policy for purchasing by the University System in coordination with OMB as provided by NDCC chapter 54-44.4.

NDUS Procedure 803.1, part 3 states in part that commodity purchases greater than $10,000 but less than $50,000, requiring informal quotes or proposals from more than one vendor shall be solicited. If quotes are not received from more than one vendor, the Alternate Procurement Request form, or other non-competitive exception document is required. In addition, commodity purchases of $50,000 and greater must be purchased from formal bids or a request for proposal. For service purchases greater than $10,000 but less than $100,000 requiring informal quotes or proposals from more than one vendor shall be solicited. If quotes are not received from more than one vendor, the Alternate Procurement Request form, or other non-competitive exception document is required. In addition, service purchases of $100,000 and greater must be purchased from formal bids or a request for proposal.

WSC Purchasing Policy states in part that commodity purchases greater than $2,500 but less than $25,000, require no fewer than three vendors to submit oral or written informal bids or proposals (when feasible). If three bids cannot be obtained, written justification must be provided. Purchases over $25,000 require formal, sealed bids.

Recommendation: *We recommend that WSC properly procure commodities and services in compliance with NDCC, NDUS requirements and the WSC Purchasing Policy.*

Williston State College Response:

Agree – Implemented December 2018

The CFO, will implement a corrective action plan that includes correspondence with Budget Managers to ensure compliance with NDCC, NDUS and a revised WSC Purchasing Policy. This corrective action plan will be placing requirements

on purchasing IAW NDCC, NDUS and WSC Policy. Implementation has begun, as of 8/1/2018, and will include training on SBHE 803.4 thresholds effective 4/01/2018 and a review of purchase order requirements. This change in College policy will take approximately four months to complete.

Full implementation on 12/31/2018 and training for the entire faculty and staff followed on January 4, 2019.

Informal #1 - Inadequate Monitoring of Access Roles

Condition: WSC is not properly monitoring access roles in the human capital management and financial environments of PeopleSoft. There were employees who had access in these two environments to roles that should not have had access.

Effect: There is noncompliance with NDUS procedure 1912.1 and lack of good internal controls.

Cause: The reviews of the access roles in PeopleSoft were inadequate.

Criteria: Proper internal controls should provide reasonable assurance that operations are effective and efficient and financial reporting is reliable. An integral part of operational effectiveness and efficiency, as well as ensuring the reliability of financial information is requiring that proper restrictions on the different levels of access are continuously monitored to ensure the integrity of the data. Additionally, proper internal controls also provide reasonable assurance of compliance with applicable laws and regulations.

NDUS Procedure 1912.1 identifies risks and requires coordinators to review procedures, keep current on potential threats, and conduct regular risk assessment and an annual evaluation to ensure ongoing compliance.

Recommendation: *We recommend that WSC continuously monitor the access roles to the human capital management and financial environments of PeopleSoft to ensure the proper level of access is granted and/or removed in a timely manner to warrant proper segregation of duties.*

Williston State College Response:

Agree – On-Going Review and Adjustment

Access Control Officers, Finance, HRMS, and Campus solutions, will review access roles pertaining to areas in which they act as Access Control Officer. A review of access roles will be completed on a quarterly basis.

All changes and new access will be approved to ensure compliance with the NDUS procedures and ensure compliance with segregation of duties. Compensating controls for Individuals that require conflicting roles will be retained on file with NDUS and the compensating control will be reviewed on a monthly basis by the access control officer. All review documentation will be signed and maintained by the campus.

Informal #2 - Lack of Blanket Bond Coverage

Condition: WSC did not have a blanket bond coverage during our audit period.

Effect: WSC is at risk of losing money, should a loss occur.

Cause: WSC failed to renew their blanket bond coverage with the North Dakota Insurance Department.

Criteria: NDCC section 26.1-21-10 states each state agency shall apply to be bonded in the fund no less often than on a biennial basis or when a change in coverage is requested, whichever occurs first.

Recommendation: *We recommend that WSC maintain adequate blanket bond coverage.*

Williston State College Response:

Agree – Implemented

The renewal notice was sent to an email account for an employee that was no longer employed at the College.

We have purchased the Blanket Bond Coverage and the future renewal notices will be sent to the College via U.S. Mail. WSC Controller, will ensure that the renewal notices are purchased timely IAW NDCC Section 26.1-21-10.

Informal #3 - Inadequate Controls Surrounding Till Funds

Condition: WSC did not have adequate controls to ensure proper safeguarding of till funds. During fiscal year 2017, WSC could not account for $1,000 in their athletic till fund and had to write off the amount.

Effect: WSC is susceptible to an increased risk of theft or fraud occurring and not being detected in a timely manner.

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Cause: WSC did not implement appropriate controls for all till funds.

Criteria: COSO Internal Control - Integrated Framework section on Transaction Control Activities states in part that controls for cash and other assets are secured physically (e.g. in a locked or guarded storage area with physical access restricted to authorized personnel) and are periodically counted and compared with amounts shown on control records.

Recommendation: *We recommend that WSC ensure adequate controls are implemented to safeguard till funds.*

Williston State College Response:

Agree - Implemented April 2017

Surprise till fund counts are performed by an individual outside the cashiering office. Surprise count dates are determined by the independent individual and performed on a quarterly basis at a minimum.

Informal #4 - Inadequate Controls Surrounding Equipment

Condition: WSC does not have adequate controls in place surrounding equipment:

- Documentation was lacking to prove that an annual inventory had been performed for all departments;
- Inadequate documentation showing the individual who performed the inventory and the subsequent independent approval of the departmental inventory; and
- Equipment was not removed from PeopleSoft in a timely manner.

Effect: There is noncompliance with NDCC and an increased risk of theft of equipment going unnoticed.

Cause: This was an oversight by WSC.

Criteria: NDCC section 44-04-07 states in part that the person in charge of any institution shall maintain, or cause to be maintained, a complete and current inventory record of all property of sufficient value and permanence to make such inventory record practical. Each year such person shall make a complete inventory of all such property, and shall maintain such inventory, with a person's certificate thereto attached, as to the correctness of same, in the files and records of the institution.

The Committee of Sponsoring Organizations (COSO) of the Treadway

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Commission publication Internal Control - Integrated Framework states that proper design and implementation of internal control policies and procedures for performance measures, segregation of duties, approval, monitoring, and verification methods are necessary to ensure objectives are effectively achieved. Proper internal control reduces the risk of asset loss and helps ensure the reliability of the financial statements.

Recommendation: *We recommend that WSC implement controls to ensure that there is proper documentation of departmental inventories, including the individual(s) performing and approving the inventories and equipment is updated in PeopleSoft timely.*

Williston State College Response:

Agree

The new CFO will review existing controls and analyze internal control weaknesses. The Financial Management Accountant will ensure proper documentation and completion of these inventories by the Department Managers on an annual basis and reviewed by the CFO.

Upon completion of annual inventories, the Financial Management Accountant will save these inventories and reconcile any differences between Peoplesoft and inventory results. If changes are needed, the Financial Management Accountant will submit the changes to the Controller or CFO for approval of the timely entry into Peoplesoft.

Prior Recommendation #1 - Lack of Controls Surrounding Cash and Revenues

Condition: During the fiscal year 2012-2013 and subsequent audits, we noted a lack of controls surrounding cash and revenues.

Current Status:
WSC lacked controls in the following areas surrounding cash and revenue:

- Adequate reconciliations of student finance to the general ledger to the bank statements are not being performed;
- Reconciliations of marketplace to the general ledger are not being performed on a monthly basis;
- Receipts are not being deposited timely (19%); and
- Credit card settlement reports did not agree to the credit card receipts in PeopleSoft (9%).
    - What is this for, is this receiving payments after the till is closed?

Effect: WSC is susceptible to an increased risk of theft or fraud occurring and not being detected in a timely manner.

Cause: WSC has not taken steps necessary to review and revise internal controls to mitigate the risk of error, theft, or fraud.

Criteria: The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control - Integrated Framework states that control activities include approvals, reconciliations, and segregation of duties.

NDUS Accounting Manual states in part that cash receipts should be logged and deposited in the bank daily or as dictated by policy. Cash receipts of various departments should be deposited to the Business Office intact, on a daily basis.

GASB statement 34, paragraph 92 states: "Proprietary fund statements of net assets and revenues, expenses, and changes in fund net position should be presented using the economic resources measurement focus and the accrual basis of accounting." This can be defined as all revenues are recorded when earned.

Recommendation: *We recommend WSC implement controls to ensure:*

- *Adequate reconciliations are performed to completely reconcile student finance to the general ledger and the bank statements;*
- *Reconciliation of marketplace to the general ledger is being performed on a monthly basis;*
- *Timely deposit of receipts; and*
- *Credit card settlement reports agree to PeopleSoft credit card receipts.*

Williston State College Response:

Agree

Reconciliations will be initiated by the Student Finance Associate and submitted for review by the Controller. This reconciliation will be completed on a monthly basis.

Reconciliations of the marketplace will be completed by the Student Finance Associate and reviewed by the controller. This reconciliation will be completed on a monthly basis.

Credit card settlement reports are reconciled by the WSC AP Associate and is reviewed for discrepancies and submitted to the Controller for a final review. Any discrepancies will be investigated and adjusted as needed upon receipt of Controller approval.

Prior Recommendation #2 - Lack of Controls Surrounding Payroll

Condition: During the fiscal year 2012-2013 and subsequent audits, we noted a lack of controls surrounding payroll.

Current Status:
WSC has inadequate controls in place surrounding payroll:

- There is not a documented independent reconciliation of the salaries entered into PeopleSoft to the approved contracts; and
- Payroll appointment change forms are not being approved prior to the effective date of the change.

Effect: There is an increased risk of error or fraud including the possibility that a fictitious employee could be created and go undetected in the normal course of business.

Cause: WSC has failed to implement proper controls surrounding payroll.

Criteria: The Committee of Sponsoring Organizations of the Treadway Commission (COSO) publication Internal Control - Integrated Framework states that control activities include approvals, reconciliations, and segregation of duties.

WSC Human Resource Personnel Change Form procedure states "personnel change forms are due in the payroll office before a new employee's first day of work or before the effective date of any changes."

Recommendation: *We recommend WSC strengthen controls surrounding payroll by:*

- *Performing an independent reconciliation of salaries to approved contracts on at least an annual basis; and*
- *Obtain approval for payroll appointment changes prior to the effective date of the change.*

Williston State College Response:

Agree - Implemented 7/1/2018

The WSC Payroll associate will review the payroll contracts prior to entry into Peoplesoft. The CFO will review the entries into Peoplesoft and a reconciliation to these contracts will be documented. Salaries and Wages will be reconciled to the Contract and/or any payroll change forms. The CFO will also conduct a review of the semi-monthly payroll amounts and save the reconciliation.

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Any changes to employment will be initiated by the Supervisor and approved by the Department Manager. The document is submitted to the CFO and Final approval is the President of the College.

Prior Recommendation #3 - Lack of Controls Surrounding Expenditures

Condition: During the fiscal year 2012-2013 and subsequent audits, we noted a lack of controls surrounding expenditures.

Current Status:
WSC has weak controls in place surrounding expenditures, specifically:

- 7 out of 32 journal entries (22%) did not have proper approval; and
- Several individuals in the Business Office had access on PeopleSoft to void/reissue checks. These employees do not have any responsibilities in the check voiding/reissuing processes.

Effect: WSC is susceptible to an increase risk of error, fraud, or abuse occurring and going undetected or not being caught in a timely manner.

Cause: WSC has not taken steps necessary to review and revise its internal controls to eliminate or mitigate its internal control risk.

Criteria: The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control - Integrated Framework states control activities include approvals.

NDUS Procedure 1901.2 part 4.1 states in part that access to information and devices is granted to authorize NDUS personnel as necessary for the performance of their duties and such access should be based on minimal need to perform those duties.

Recommendation: *We recommend WSC implement controls surrounding expenditures to ensure there is:*

- *A standardized approval process for journal entries; and*
- *A review of the access roles for voiding/reissuing checks to ensure only those necessary individuals have access.*

Williston State College Response:

Agree - Implemented 07/01/2018

Expenditures will be reviewed and approved by the appropriate department managers for approval review of the required documentation. After department approval the expenditure is submitted for final review by the Controller, CFO or Financial Accountant/Analyst based upon approval requirements.
ONL journal entries will be have a secondary review from the preparer by the

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Controller, CFO or Financial Accountant/Analyst.

Agree - Implemented 07/01/2018

Access Roles in PeopleSoft will be reviewed quarterly by the division(s) access control officer. Appropriate access roles will be maintained according to position requirements. Compensating control will be in place as needed.

Prior Recommendation #4 - Lack of Controls Surrounding Purchase Card Expenditures

Condition: During the fiscal year 2012-2013 and subsequent audits, we noted a lack of controls surrounding purchase card expenditures.

Current Status:
WSC has weak controls in place surrounding purchase card expenditures, specifically:

- The agency statement was not signed by the card administrator indicating that it was reconciled to the individual card holder statements (53%); and
- There is no policy or procedure in place when a temporary or permanent change to the credit limit of an individual's purchase card is increased or decreased.

Effect: The risk of misstatement, fraud, and noncompliance are increased with inadequate reviews, inadequate or missing documentation, and lack of proper controls. WSC exposes itself to risk of loss, potential liabilities, and damage to their reputation, whether due to error, theft or fraud

Cause: Adequate reconciliations and supporting documentation for purchase card transactions are not being maintained.

Criteria: The Committee of Sponsoring Organizations (COSO) of the Treadway Commission publication Internal Control - Integrated Framework states that control activities are the actions established through policies and procedures that help ensure that management's directives to mitigate risks to the achievement of objectives are carried out. They may be preventive or detective in nature and may encompass a range of manual and automated activities such as authorizations and approvals, verifications, reconciliations, and business performance reviews.

OMB's Fiscal and Administrative Policy #300 Purchasing Card, in part states card administrators should run an agency statement with the state's current card provider, reconcile it to the individual statements and sign the agency statement denoting reconciliation.

Recommendation: *We recommend WSC strengthen controls surrounding*

purchase cards by:

- *Ensuring the card administrator reconciles the individual statements with the agency statement and signs off to the card statement; and*
- *Develop a policy or procedure for the temporary or permanent changes to credit limits to individual's cards.*

Williston State College Response:

Agree - Implemented 7/1/2018

WSC has adopted OMB's Fiscal Administrative Policy #300. Department Budget managers ensure all required supporting documentation and reconciliation is completed by the individual P-Card Holder and submitted to the AP Associate. AP Associate will reconcile the p-card statements, investigate any discrepancies, and sign off on the reconciliation. CFO/Controller will perform final review and approval prior to posting.

WSC adopted the NDUS Purchase Card Change Request form. Department Budget Managers approve and submit the Change Request form to the CFO for approval. CFO forwards the request form to the P-Card administrator who then enters the corresponding changes.

Prior Recommendation #5 - Inadequate Controls over Non-Cash Adjustments

Condition: During the fiscal year 2012-2013 and subsequent audits, we noted a lack of controls surrounding non-cash adjustments.

Current Status:
Controls surrounding non-cash credit adjustments are inadequate, specifically, we noted there was not adequate supporting documentation for non-cash credit adjustments to student accounts maintained on file.

Effect: WSC lacks assurance regarding the propriety of non-cash adjustments recorded to student accounts and erroneous adjustments could be recorded without detection.

Cause: WSC has not adequately developed and implemented proper internal controls surrounding non-cash adjustments.

Criteria: Committee of Sponsoring Organizations (COSO) of the Treadway Commission publication Internal Control - Integrated Framework states that proper design and implementation of internal control policies and procedures for performance measures, segregation of duties, approval, monitoring, and

verification methods are necessary to ensure objectives are effectively achieved.

Recommendation: *We recommend WSC strengthen controls surrounding non-cash credit adjustments posted to student accounts to ensure supporting documentation is maintained for all non-cash credit adjustments.*

Williston State College Response:

Agree - Implemented 7/1/2018

Director of Residence Life is responsible for obtaining supporting documentation for non-cash adjustment transactions from the THD (housing) System that interfaces with Campus Solutions student accounts. WSC has created the Residence Life Change Request form to indicate the change, student signature is received, and the corresponding form is saved to the student file.

Other than housing requests, originating department will complete the Non-Cash Adjustment form documenting the reason for the non-cash adjustment. Controller will review all changes prior to the manual postings.

Prior Recommendation #6 - Lack of Supporting Documentation

Condition: During the fiscal year 2014-2015 audit, we noted that WSC did not have adequate supporting documentation to substantiate transactions.

Current Status:
WSC lacked supporting documentations for the following transactions:

- Documentation of individuals present for team travel meals was not provided for travel expenses;
- Request for travel forms are not being completed prior to employee travel; and
- General ledger transactions were missing supporting documentation.

Effect: Unsupported accounting transactions increases the risk of misstated financial statements and allows for fraud, waste, and abuse to occur without detection.

Cause: WSC is not ensuring that all supporting documents are obtained prior to payment.

Criteria: NDCC section 54-46-05 states in part that the head of each agency shall make and maintain records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency designed to furnish information to protect the legal and financial

rights of the state and of persons directly affected by the agency's activities.

NDCC section 44-08-04 states in part that a higher education athletic team or organization may be submitted for payment on a team or group travel expense report for team meals including coaches, trainers and other employees.

The Committee of Sponsoring Organizations (COSO) of the Treadway Commissions publication Internal Control - Integrated Framework states in part that management must also determine how much documentation is needed to assess the effectiveness of internal control. Some level of documentation is always necessary to assure management that the components of internal control are in place and functioning.

WSC Staff Handbook states in part that a "request for travel" form must be filled out and signatures secured prior to leaving.

Recommendation: *We recommend that WSC maintain documentation for all transactions to ensure an adequate audit trail is available.*

Williston State College Response:

Agree - Documentation of team travel meals implemented 02/01/2018

Team travel rosters are provided with all team travel payment requests. The department budget manager is responsible for ensuring team travel rosters are provided. WSC Controller or AP Associate will review to ensure all rosters are attached.

Request for travel forms - Current evaluation of the Travel request form is being considered at Cabinet and their recommendations will be implemented upon completion of their review.

General Ledger transactions – Implemented 7/1/2018.

WSC Controller or CFO, will ensure that general ledger transactions have all of the required supporting documentation during the final review.

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Slide 1: Testimony to the House Appropriations Committee, Education and Environment Division

Alan LaFave, D.M.A., President
Valley City State University
January 16, 2019

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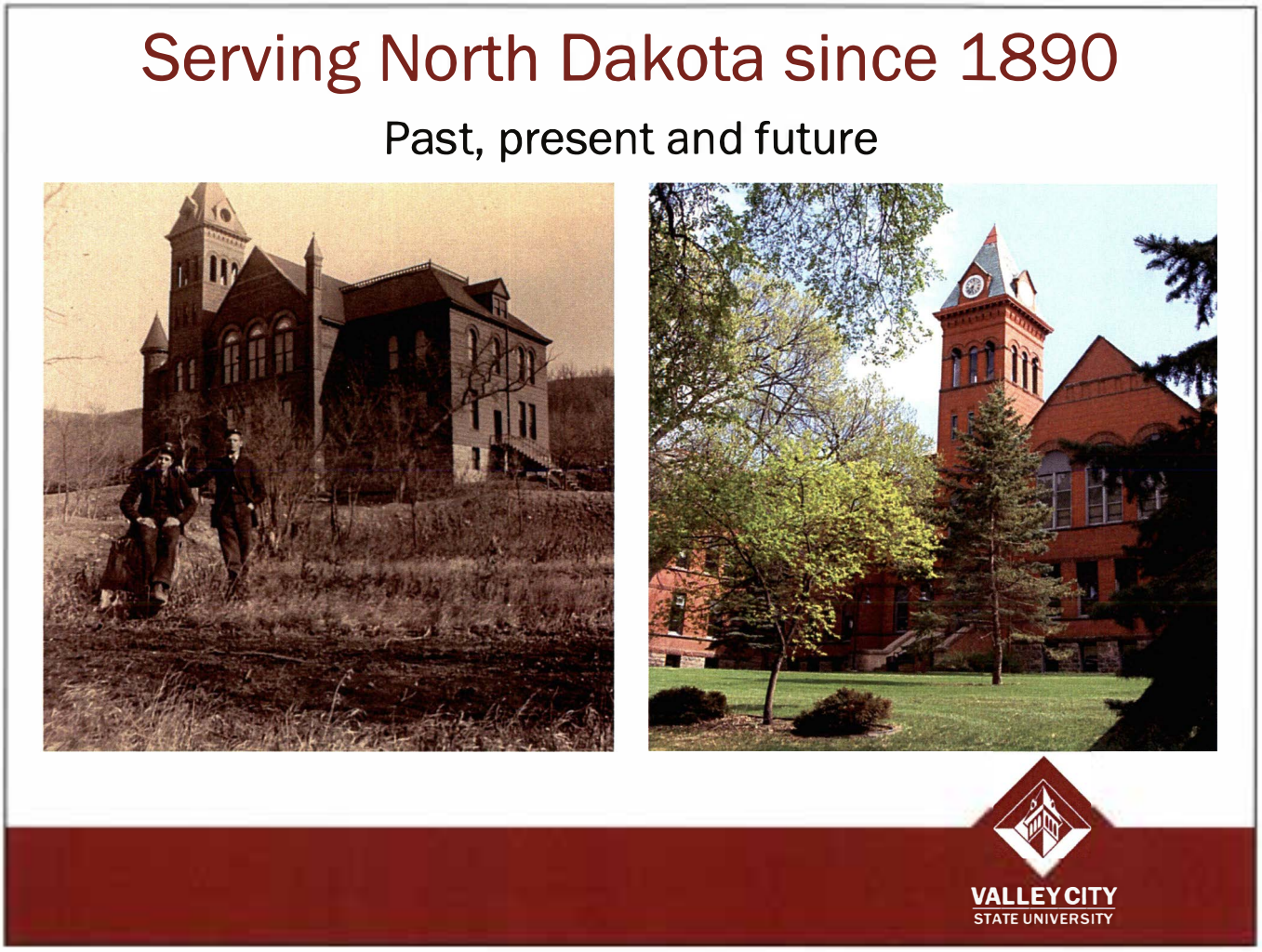

Slide 2: Serving North Dakota since 1890

Thank you for the opportunity to share the story of Valley City State University.

Founded in 1890 as a normal school, VCSU remains true to its heritage and has an outstanding reputation for producing some of the finest K-12 educators in the region.

VCSU enhances the learning experience by providing full-time students with access to their own laptop, advanced multimedia technology, high-speed wireless networking, and classrooms equipped with the latest educational technology. A student-faculty ratio of 13:1 gives students one-to-one access to faculty in ways that are impossible at other universities.

The 55-acre campus is bordered on the south by a forested hillside and on the north by the Sheyenne River. Campus architecture features a graceful blend of historic and modern buildings. The central campus is listed on the National Register of Historic Places as a Historic District, and in May 2017, BuzzFeed named VCSU's campus the most beautiful college campus in North Dakota.

Thank you for your service to the citizens of North Dakota. We do not take that support for granted, and we are very cognizant of the complex decisions you must make.

We are grateful for your support, and we focus our efforts on being good stewards of the resources you entrust to us.

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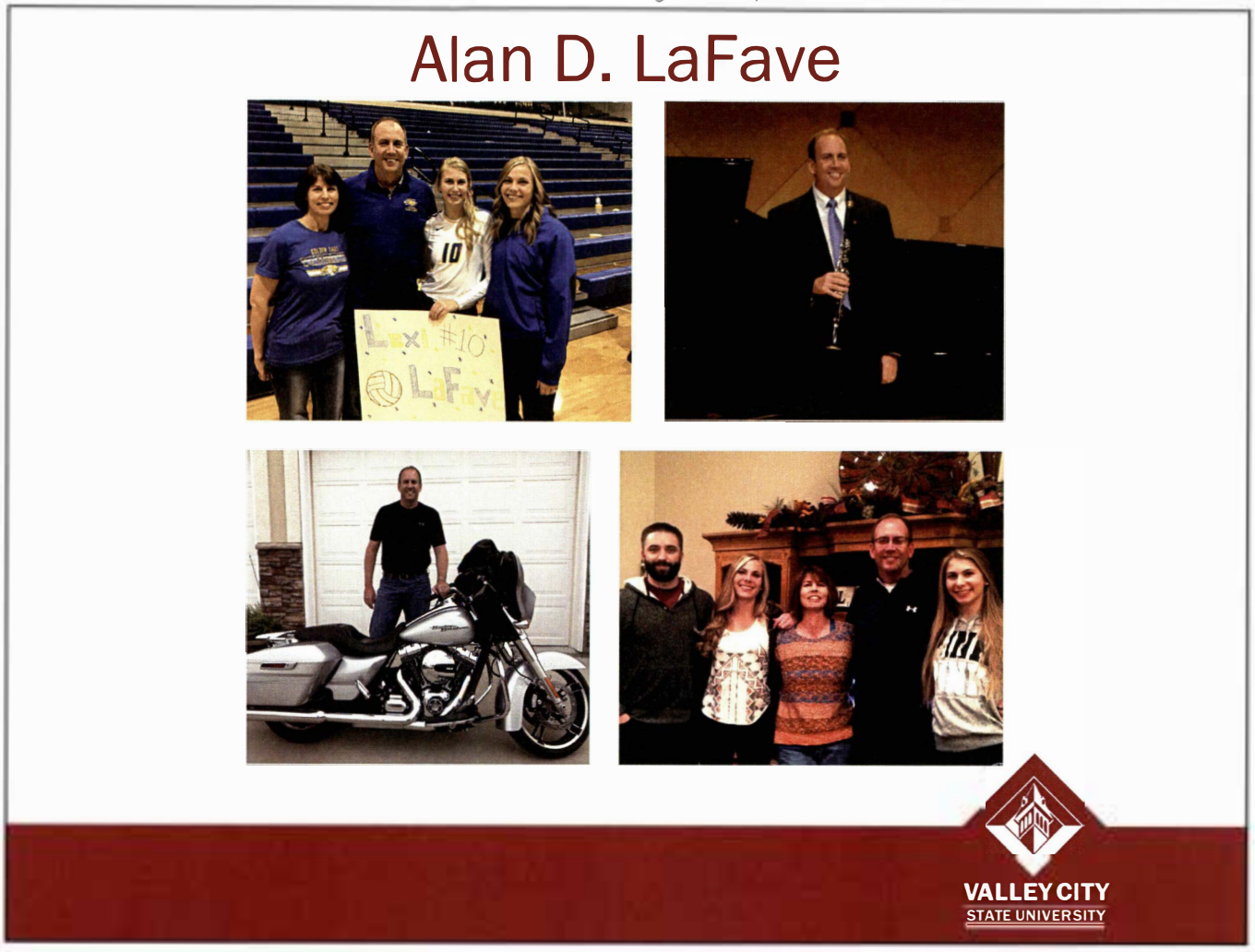

Slide 3: Alan D. LaFave

On Sept. 27, 2018, the State Board of Higher Education selected Alan LaFave, D.M.A., as the next president of Valley City State University. LaFave formally began his service to VCSU on Dec. 17, 2018. He previously served as provost and vice president for academic affairs at Northern State University in Aberdeen, S.D.

An accomplished musician, LaFave holds doctoral and master's degrees in clarinet performance from Arizona State University, where he studied under the renowned Robert Spring. LaFave also holds a bachelor's degree in music education from Northern State.

LaFave's family includes his wife, Kari; daughters Lexi and Ashley; and son-in-law Logan Fahnhorst.

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Career Impact



Administrative Experience

Northern State University, Aberdeen, S.D. (1991-2015)

- Provost, Vice President for Academic Affairs
- Dean, School of Fine Arts
- Interim Dean, Graduate and Extended Studies
- Associate Dean, School of Fine Arts
- Department Chair, Music

Teaching Experience

- Instructor, Assistant Professor, Associate Professor, Professor of Music, Northern State University
- Instructor of Music, Augustana College, Sioux Falls, S.D.
- Instructor of Music, Grand Canyon University
- Graduate Teaching Assistant, Arizona State University
- Director of Bands, Aberdeen Central High School

VALLEY CITY STATE UNIVERSITY

Slide 4: LaFave Administrative and Teaching Experience

At Northern State University, LaFave worked his way through the faculty ranks from instructor to full professor in the music department (1991-2015).

He also served as music department chair (1994-97) and associate dean and dean of the School of Fine Arts (1997-15).

LaFave served as provost and vice president for academic affairs from 2015-18.

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Slide 5: We All Row!

The learning and living community at Valley City State University lives its core values:

- **Student-focused**: We place students at the center of all decisions.
- **Innovative**: We try new things to help create the future.
- **Learning-centered**: We develop and sustain a culture of lifelong learning.
- **Collaborative**: We work synergistically to advance our mission.
- **Engaged**: We actively participate in the collective work of the university.



Slide 6: National Recognition

Valley City State University is ranked third among Midwest public regional colleges in the 2019 U.S. News & World Report Best Colleges rankings. VCSU has now been named a U.S. News "Best College" for 21 consecutive years, and the university has been ranked in the top three Midwest public regional colleges each year since 2010.

Eighty colleges and university, including 13 public institutions, are included in the U.S. News "Regional Colleges in the Midwest" category. The region includes 12 states: North Dakota, South Dakota, Minnesota, Wisconsin, Michigan, Ohio, Indiana, Illinois, Iowa, Missouri, Kansas, and Nebraska.

VCSU has also been recognized as one of 25 college and universities on the "Hidden Gems of the Midwest" list by the Online Schools Center.

In describing the colleges and universities included on the list, the editors of Online Schools Center had this to say: "These Midwest regional gems represent some of the finest colleges in America that are often overlooked. Students at each one of these schools cherish their experiences and exit their academic institutions with well-defined skills in their department, strong networking connections, and invaluable memories."

VCSU was cited in particular for its teacher preparation programs: "VCSU supports one of the best departments for elementary education in America. The well-accredited programs offer undergraduate and graduate students numerous endorsements and certification preparation programs that develop some of the strongest teachers in the nation."

Also on the list is the University of North Dakota, along with other notable college and universities from throughout the Midwest, including Augustana in South Dakota, St. Olaf and Gustavus Adolphus in Minnesota, Grinnell and Luther in Iowa, Beloit and Lawrence in Wisconsin, Wheaton in Illinois, Hope in Michigan, DePauw and Earlham in Indiana, and Denison and Oberlin in Ohio.

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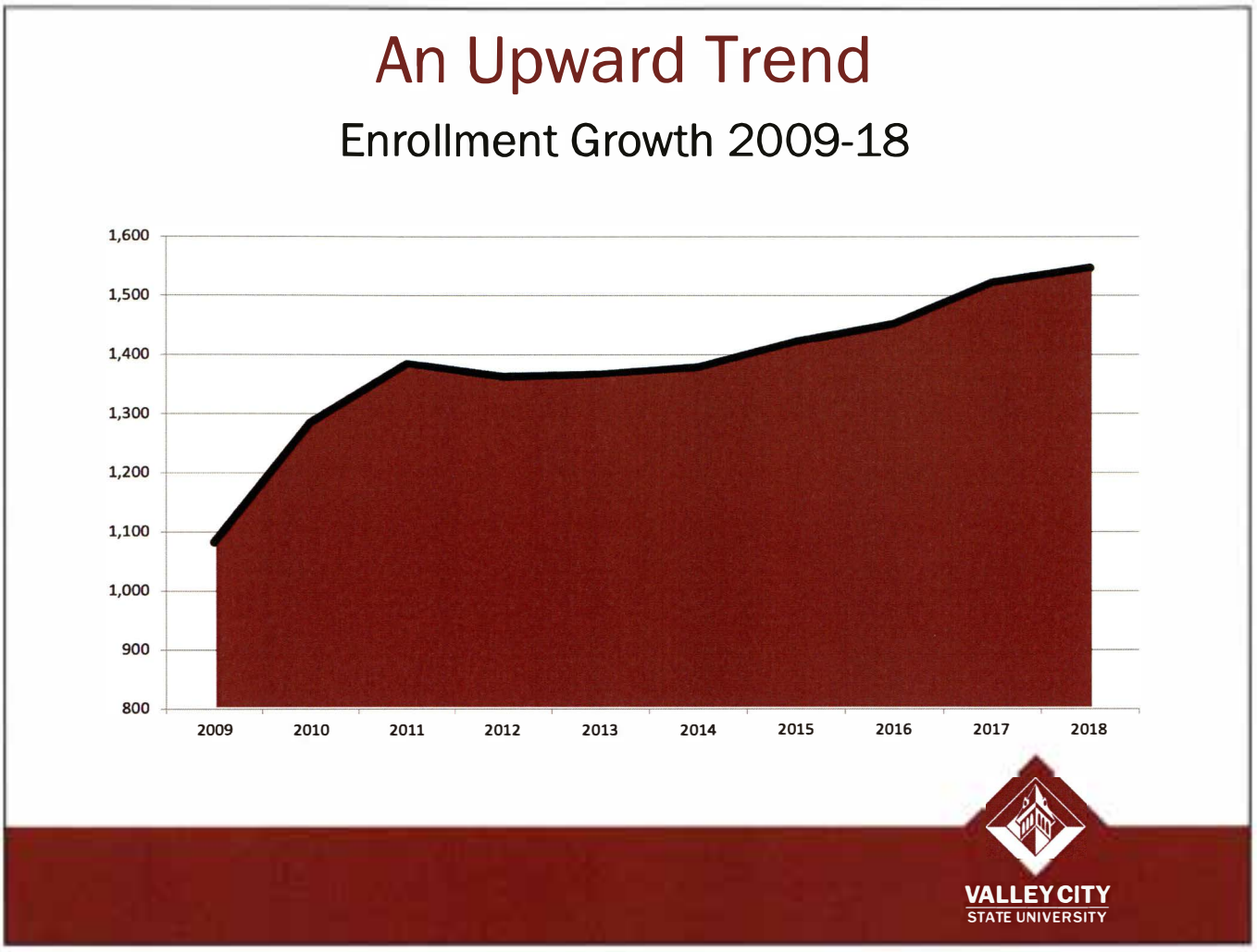

Slide 7: Enrollment Growth 2009-18

	Total	*Undergraduate*	*Graduate*
2009	1,083	961	122
2010	1,285	1,138	147
2011	1,384	1,227	157
2012	1,362	1,214	148
2013	1,366	1,211	155
2014	1,378	1,234	144
2015	1,422	1,278	144
2016	1,452	1,298	157
2017	1,522	1,372	150
2018	1,547	1,404	143

North Dakota students comprise two-thirds of our student body, with 11 percent coming from Minnesota and 6 percent from Wyoming. Almost three-fourths of the 2018 freshman class is from North Dakota.

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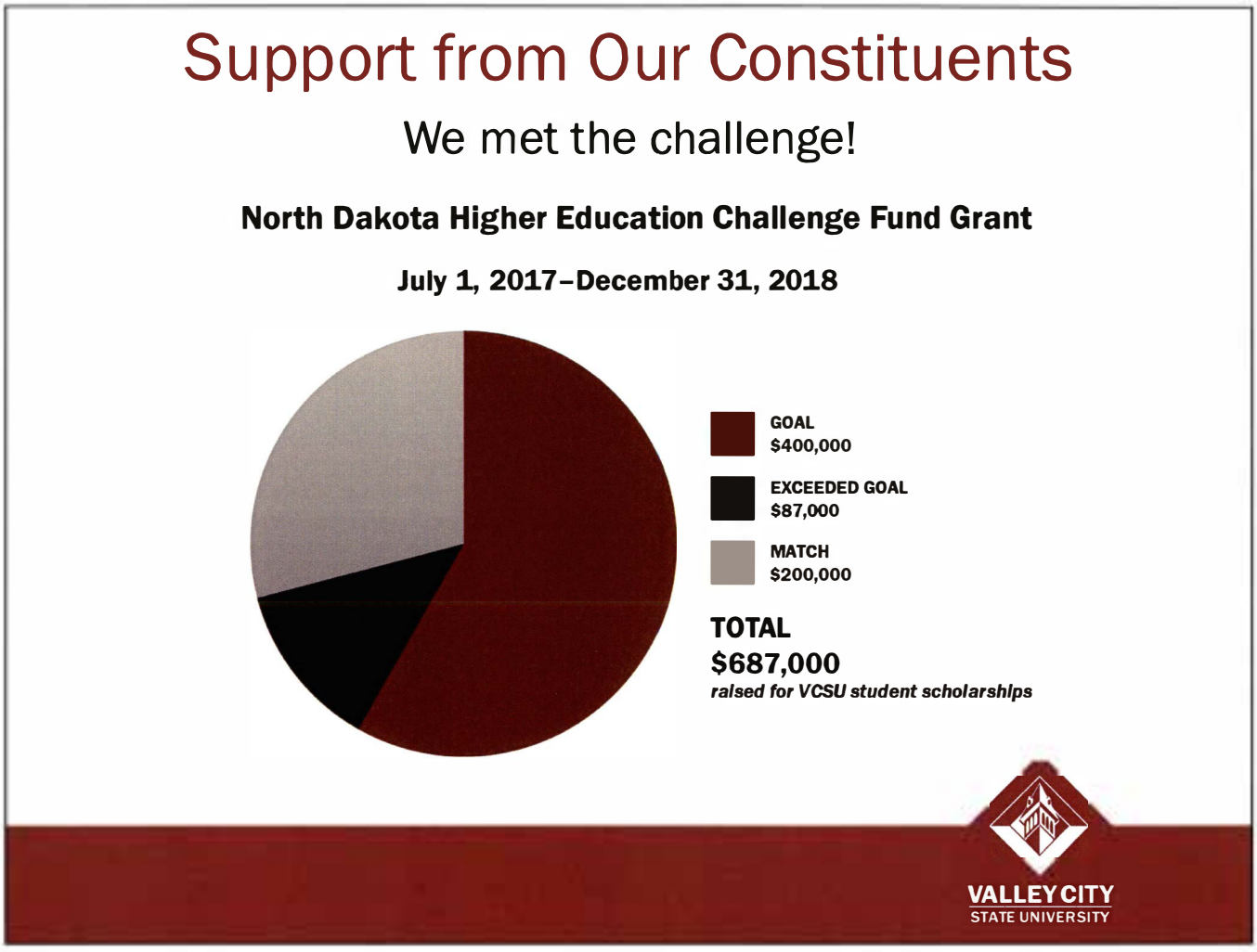

Slide 8: N.D. Higher Education Challenge Fund Grant

The state's 1:2 match through the Higher Education Challenge Fund program has helped us increase scholarship support for our students.

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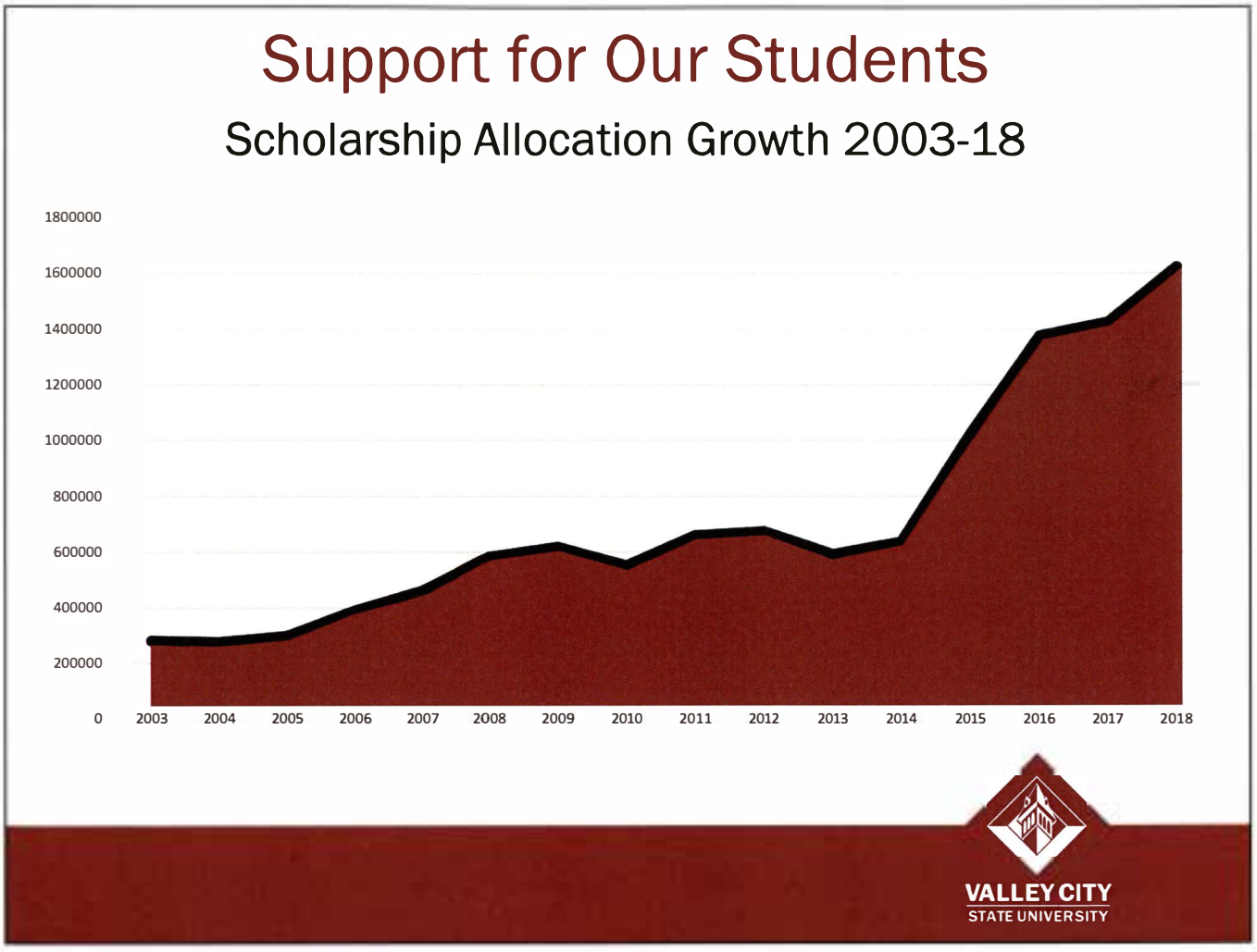
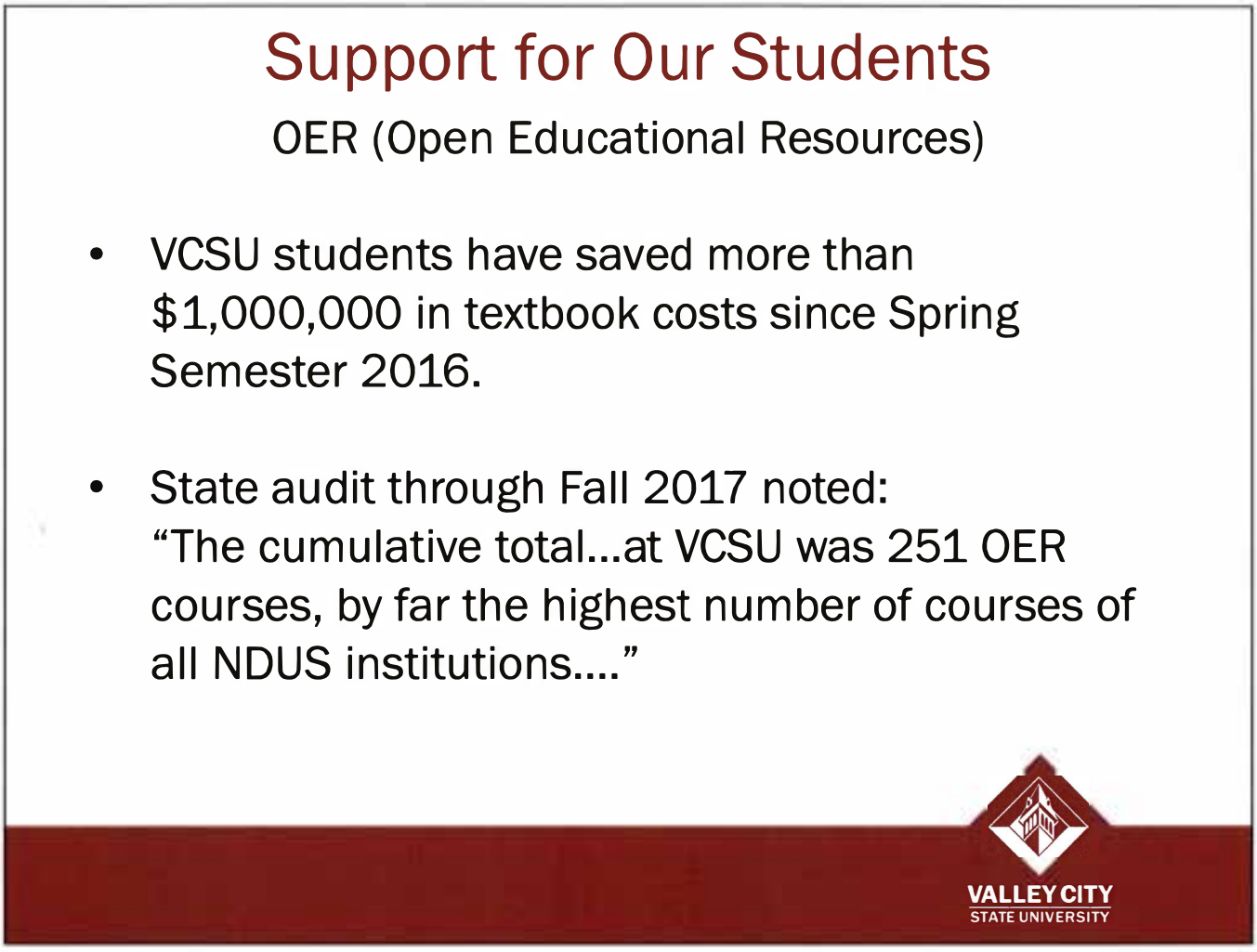


Slide 9: Scholarship Allocation Growth 2003-18

Through the Challenge Fund program and the support of our alumni and friends, we've been able to increase our student scholarship allocation significantly over the years.

Year	*Dollars*
2003	281,964
2004	276,928
2005	298,728
2006	390,192
2007	460,619
2008	583,239
2009	617,774
2010	551,956
2011	660,492
2012	673,331
2013	591,595
2014	635,355
2015	1,024,000
2016	1,375,000
2017	1,425,000
2018	$1,623,000

The VCSU Foundation Board recently allocated an addition of $100,000 to the scholarship allocation for 2019-20, increasing merit scholarships and establishing a grant program aimed to help students and families who do not qualify for federal assistance.



Slide 10: OER (Open Educational Resources)

Many VCSU faculty now utilize OER (Open Educational Resources) in their courses. The use of the free resources in place of textbooks has collectively saved VCSU students more than $1 million since their implementation in spring 2016.

The cost savings is significant, but perhaps more important is the equal access to learning resources at any time provided to those previously unable to afford their own textbook.

In addition, the use of multimedia in OER meets a variety of learning styles, heightening both student and faculty engagement.



Slide 11: Accreditations

Accreditation from external governing bodies in higher education recognizes the academic excellence of VCSU and the rigorous standards of its programs, and ensures regular monitoring and reporting for continuity over time.



Slide 12: Faculty-Mentored Student Research

Connecting students with faculty members in research projects provides the type of deep investigative learning that goes beyond the classroom experience

Yaritza "Yari" Villanueva of Minto, North Dakota, graduated from VCSU in December 2018 with a triple major in biology, environmental science, and fisheries and wildlife science (fisheries concentration).

In addition to her classroom academics, she spent the last two summers doing grant-funded biology research on cool-season grasses with VCSU faculty member Lauren Dennhardt to determine which grass varieties work best for creating healthy habitat in North Dakota. Yari also worked as a technician in the VCSU Macroinvertebrate Lab.

Yari served as a residence hall director and resident assistant on campus. At VCSU, she was a member of the American Fisheries Society Student Subunit, the Fisheries and Wildlife Conservation Club, the Native American Cultural Club, National Society of Leadership and Success, and the Pre-Professional Club. Yari also assisted with the regional Science Olympiad at VCSU from 2015–17.

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High-Impact Practices

Music production and recording studio



VALLEY CITY
STATE UNIVERSITY

Slide 13: Music Production and Recording Studio

A recording engineering/production studio on campus provides VCSU students with hands-on opportunities to use professional equipment and software to record tracks, edit, mix, and master their own music.

Students can add a music production and recording minor or certificate to their degree, broadening their knowledge and abilities, and augmenting their professional portfolios.

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High-Impact Practices

Teacher preparation: Substitute Program



VALLEY CITY
STATE UNIVERSITY

Slide 14: Substitute Program

The VCSU elementary education program brought its unique Substitute Teacher Program to the Valley City Public Schools this fall. Through the substitute program, VCSU junior and senior elementary education majors spent eight Fridays each semester as substitute co-teachers at Washington and Jefferson schools.

Each Friday, 16 VCSU students, paired in groups of two, covered eight classrooms at the elementary schools, while the Valley City Public School teachers used the time away from class for professional development opportunities.

While the classroom teacher was out, two VCSU students led the elementary students through their daily routines, educational activities and learning plans. Working as a pair, the VCSU preservice teachers were able to connect theory to practice. A VCSU professor supervised the university students all day, providing support, answering questions and helping the student substitute teachers make connections.

The Substitute Program provides local schools help in two ways. Because substitute teachers can be difficult to find, the program develops a new pool of candidates trained to fulfill this high-need position. VCSU students are encouraged to apply for their substitute teaching licenses, and after effectively completing six Fridays, students are encouraged to substitute teach throughout North Dakota.

Another advantage is the professional development component. Because the college students are not paid—substitute teachers typically cost $120 a day—the public schools can afford to spend the day training a large group of their teachers without incurring additional expense.

Although new to the Valley City Public Schools, VCSU began the implementation of its Substitute Teacher Program in 2014 in the West Fargo Public Schools. Along with Valley City, the substitute program has also been brought to Fargo Public Schools this fall.

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Slide 15: Internships and Career Readiness

Direct experience in a work setting related to their academic interests provides students a means to develop their skills and explore career opportunities. Internships are available to both on-campus and online/distance students; at VCSU, 86 percent of student interns serve North Dakota employers.

VCSU students do well in their internship experience; follow-up surveys show that 97 percent of the students would be recommended for full-time employment by their internship supervisor.

The Career Services Office does regular outreach to local and regional employers to enhance internship placements, campus visits, and recruitment efforts.



Slide 16: Three-Year Graduates

In May at our spring 2018 commencement ceremony, we recognized 21 students who completed graduation requirements in less than 4 years; 15 more who accomplished this same feat were recognized at winter 2018 commencement in December.

These highly motivated students typically bring credits with them from high school, and with the help of faculty advisors, they're able to chart an accelerated path to completion of their VCSU degrees.

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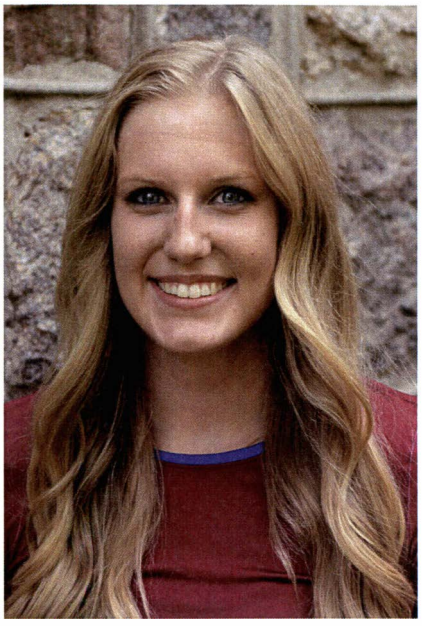
Student-Athlete Experience

Team and leadership development





VALLEY CITY
STATE UNIVERSITY

Slide 17: Student-Athlete Experience

Autumn Johnson, a senior from Hazen, N.D., epitomizes the VCSU Viking student-athlete experience.

In addition to playing on the volleyball team, Autumn leads the VCSU student body as Student Senate president.

Autumn was named a named a Daktronics-NAIA Scholar-Athlete for the second time this fall and was also chosen as the Vikings' volleyball recipient of the North Star Athletic Association Champion of Character Award.

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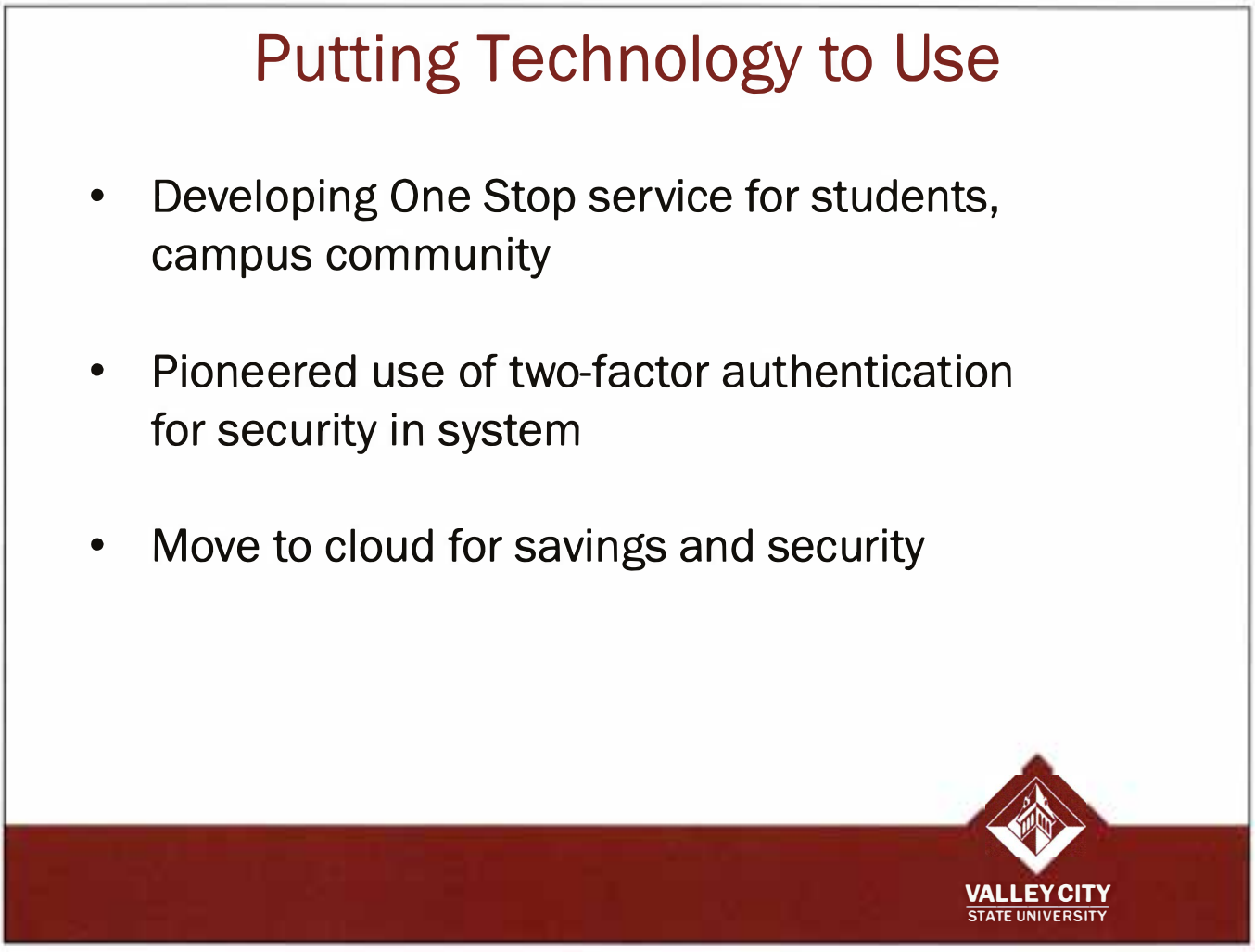

Slide 18: Putting Technology to Use

The Department of Technology Services provides technology support for teaching/learning and administrative initiatives on campus.

In addition to its dedicated support of VCSU's laptop program, in which every full-time student is issued a laptop computer, the department is held in high regard for its expertise and innovation.

The department was the first entity within NDUS to implement two-factor authentication for all employees using Office 365. This increased data security and has led the way for wider NDUS adoption.

The department is currently creating a virtual one-stop service, VCSU One Stop, to provide a student-centered approach to delivering administrative services. This will provide on-campus and distance students, as well as employees, with convenient access to services. The service includes live chat and a backend with ticketing and reporting.

In response to budget reductions, VCSU moved our backup servers and data storage from on-premise equipment to the cloud. This saved over $130,000 and has made disaster recovery more robust.

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Preparing Teachers for North Dakota



VALLEY CITY STATE UNIVERSITY

Slide 19: Preparing Teachers for North Dakota

Our founding mission in 1890 was to prepare teachers for North Dakota, and although we've broadened our academic horizons, we've never lost sight of that original goal. VCSU remains at the forefront of teacher preparation programs.

Among our 1,404 undergraduate students in fall 2018, 347 (30 percent) were majoring in elementary education, with an additional 253 (18 percent) majoring in secondary education disciplines.

More than 140 students are enrolled in our graduate programs, augmenting their teaching credentials through our M.Ed. program or adding teaching credentials to an existing non-teaching degree with our M.A.T. program.

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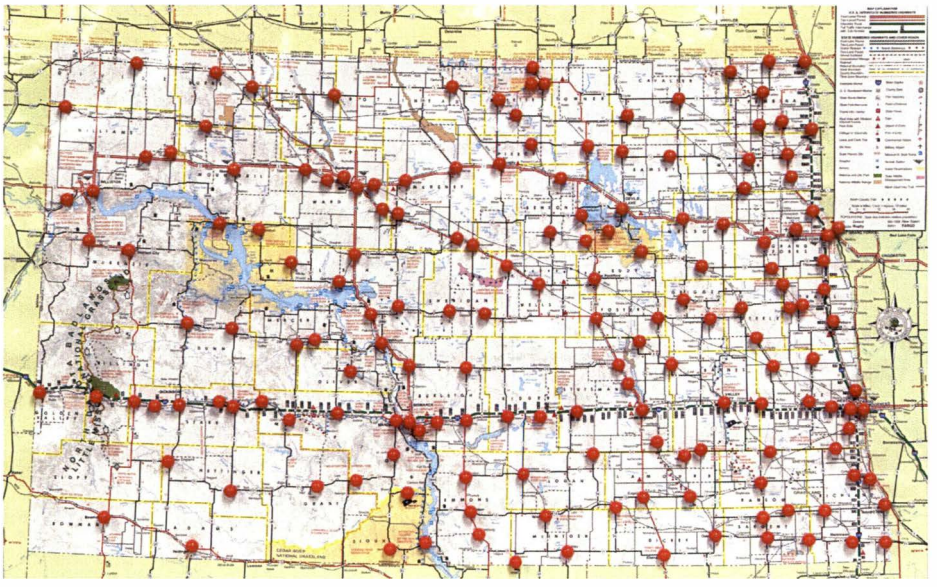
Preparing Teachers for North Dakota

More than 1,400 alumni teaching at 333 N.D. schools



Teachers and administrators in 157 N.D. communities

VALLEY CITY STATE UNIVERSITY

Slide 20: Map of Alumni Teachers and School Administrators

Valley City State University continues its founding mission of providing teachers for North Dakota: 1,413 VCSU alumni serve as licensed teachers and administrators in 333 schools and educational units serving 157 communities throughout the state.

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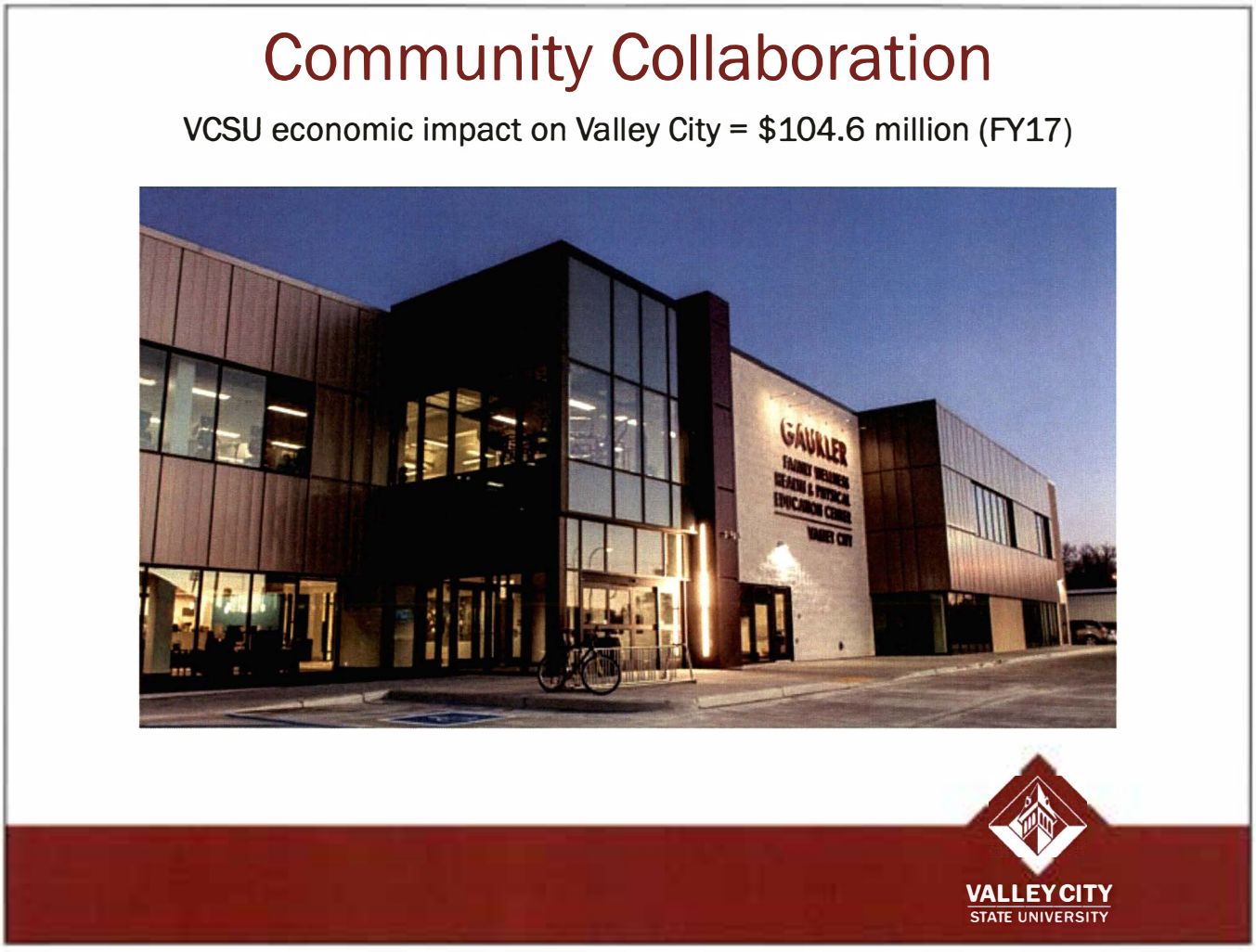
Slide 21: Academic Centers

VCSU is home to three academic centers that provide vital services for the state.

The Prairie Waters Education and Research Center provides environmental education and research opportunities for students, teachers and professionals in North Dakota. Prairie Waters connects K-12 students with water resources in a number of classroom and field experiences, provides water-sampling certification workshops for state employees, and does contract research for state agencies such as the Department of Health and North Dakota Game and Fish.

The Don Mugan CTE Leadership Center serves as a conduit for the recruitment, retention and succession of high-quality career and technical education (CTE) teachers and administrators. Delivery methods include online coursework, interactive video, and workshops delivered on and off campus.

The Great Plains STEM Education Center (GPSEC) provides professional development programs for K-12 teachers and administrators and promotes high-impact, effective learning opportunities for students. GPSEC also seeks to establish connections with businesses and industries that recognize the need to prepare high school graduates to be career and college-ready, equipped with essential problem-solving and communication skills.



Slide 22: Community Collaboration

Much has changed at Valley City State University since the Normal School was founded in 1890, but one constant has withstood the test of time—the mutually supportive relationship between the school and the community.

Time after time, the university and the greater Valley City community have stood together as successful partners, enjoying and contributing to each other's successes and working together to overcome trials and tribulations. The accolades that Valley City receives are shared with the university, and VCSU's state, regional and national recognition reflects well on the community.

The university provides outstanding opportunities for area residents to further their educations with a host of program and degree options. Many from the local area have studied on campus, and the community is full of loyal VCSU alumni.

VCSU students, faculty and staff also form a portion of the Valley City community, and likewise area residents connect with the university by participating in campus activities and attending VCSU music and fine arts events, along with Viking athletic contests.

Economic impact works both ways as well. The university depends on the financial support of the community, and VCSU contributes much to the local economy—more than $104.6 million according to the latest study.

The Gaukler Family Wellness, Health and Physical Education Center stands as testimony to the university and community working together for mutual benefit, and the walk bridge connecting campus to community symbolizes the link between town and gown. May those bonds continue to strengthen and grow for years to come.

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Financials

Budget comparison

State General Fund Appropriation

	2017-19 Base Level	Requested Adjustments	2019-21 SBHE Needs-Based Budget	Executive Recommendation	Difference from 2017-19 Base Level	Difference from SBHE Needs-Based Budget
Campus Operations	$ 19,973,679	$ 580,322	$ 20,554,001	$ 19,767,327	$ (206,352)	$ (786,674)
Capital Assets	$ 455,823	$ -	$ 455,823	$ 455,823	$ -	$ -
Plant Improvement Carryover	$ 2,268,232	$ (2,268,232)	$ -	$ -	$ (2,268,232)	$ -
Capital Projects - Non-State Funded		$ -			$ -	$ -
Capital Projects - Non-State Carryover		$ -			$ -	$ -
Operating Carryover	$ 2	$ (2)	$ -	$ -	$ (2)	$ -
Total State General Fund	**$ 22,697,736**	**$ (1,687,912)**	**$ 21,009,824**	**$ 20,223,150**	**$ (2,474,586)**	**$ (786,674)**

Special Fund Authority

	2017-19 Base Level	Requested Adjustments	2019-21 SBHE Needs-Based Budget	Executive Recommendation	Difference from 2017-19 Base Level	Difference from SBHE Needs-Based Budget
Campus Operations	$ 28,470,657	$ (2,532,038)	$ 25,938,619	$ 25,992,086	$ (2,478,571)	$ 53,467
Plant Improvement Carryover		$ -	$ -		$ -	$ -
Capital Projects - Non-State Funded	$ 22,500,000	$ (22,500,000)	$ -	$ 3,900,000	$ (18,600,000)	$ 3,900,000
Capital Projects - Non-State Carryover		$ -			$ -	$ -
Operating Carryover		$ -			$ -	$ -
Total Special Fund Authority	**$ 50,970,657**	**$ (25,032,038)**	**$ 25,938,619**	**$ 29,892,086**	**$ (21,078,571)**	**$ 3,953,467**

VALLEY CITY STATE UNIVERSITY

Slide 23: Budget Comparison

The VCSU 2017-19 base-level state funding is $19,973,679, with $408,000 in our 2:1 match capital assets and an additional $47,823 for equipment purchases on campus to make up our total capital assets line. The $2,268,232 is mostly comprised of funding for the heat plant, which was begun in the last biennium and finished in October 2017.

We are asking for an increase of $580,322 to fund raises of 4 percent each year of the biennium for our employees. This amount is the net result of the increased funding for raises and a funding formula decrease.

The executive recommendation would eliminate an additional $206,352 from current levels. Taking the raises into consideration, we would need to come up with an additional $786,674 over the biennium to continue current operations.

In our special fund authority, we have a base decrease because of changes in grants and fewer employees. We also removed the special funding for activated carbons. The executive budget adds back funds for renovating McCarthy Hall to replace our music building.

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Financials

Explanation of base and cuts

	2015-17 Original Budget	2016 Allotment	Budget Reduction	2017-19 Original Budget	2019-21 Budget SBHE Needs-Based Budget	Executive Recommendation
Campus Operations	25,061,349	(1,839,000)	(5,039,829)	19,973,697	20,554,001	19,767,327
Capital Assets	14,697,319	(769,000)		455,823	455,823	455,823
Plant Improvement Carryover	2,536,758			2,268,232		
Total	42,295,426	(2,608,000)	(5,039,829)	22,697,752	21,009,824	20,223,150

Budget Reduction		
2016 Allotment (15-17 biennium)	2,608,000	6.05%
2017-19 Budget Reduction	5,039,829	20%
Total	7,647,829	

VALLEY CITY STATE UNIVERSITY

Slide 24: Explanation of Base and Cuts

At the beginning of the 2015-17 biennium, we had a base budget of $25,061,349, plus $408,000 in the capital line for the 2:1 match. We also had a major capital project to replace our heat plant.

With the allotment, the total amount given us was reduced by $2.6 million. These one-time reductions were met by leaving open positions unfilled, decreases in operating dollars, reductions in our capital project (the heat plant), and the use of some of our reserve.

We were asked to cut an additional 20 percent of the ongoing budget for our current appropriation, totaling a little over $5 million dollars. This was achieved through eliminating 14 FTE employees; reducing travel, professional fees, and operating budgets; as well as cuts to Technology Services and major equipment purchases.

These reductions were felt deeply across campus in every department as we came together to find the best way forward.

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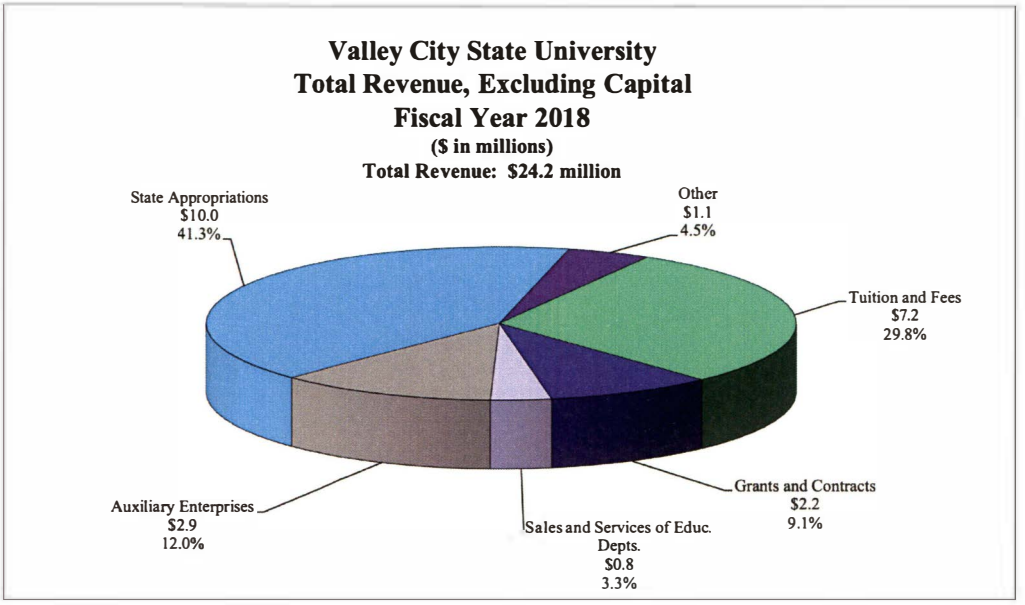
Financials

FY18 Total Revenue



VALLEY CITY STATE UNIVERSITY

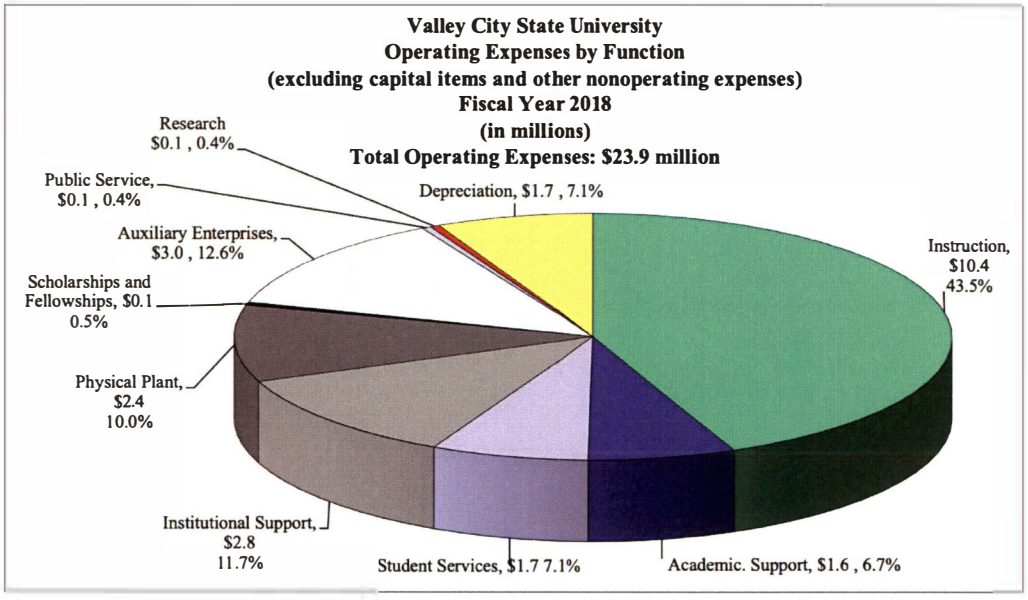
Slide 25: FY18 Total Revenue

Revenue: 41 percent of our revenues came from the state, 30 percent from tuition, 12 percent from our auxiliary enterprises, and 17 percent from grants, gifts, and other activities.

REVENUE	**FY 2017-18**	
Funding Source	*Millions*	*% of Total*
State Appropriations	$10.0	41.3%
Student Tuition and Fees	7.2	29.8%
Gifts, Grants and Other	4.1	16.9%
Auxiliary Enterprises	2.9	12.0%
Total	**$24.2 million**	

Financials

FY18 Total Operating Expenses



Source: Audited NDUS Financial Statements, June 30, 2018

VALLEY CITY STATE UNIVERSITY

Slide 26: FY18 Total Operating Expenses

Expenses: 50 percent goes directly to academic instruction, with 33 percent going to student services and support; 12 percent is reinvested in our physical plant and deferred maintenance, with depreciation expense at 8 percent.

EXPENSES	**FY 2017-18**	
Program	*Millions*	*% of Total*
Education and General		
Academic Instruction	$10.4	50.0%
Academic Support	1.6	7.7%
Student Services	1.7	8.2%
Institutional Support	2.8	13.5%
Physical Plant	2.4	11.5%
Public Service	0.1	0.5%
Institutional Research	0.1	0.5%
Depreciation	1.7	8.2%
TOTAL Education/General	*20.8*	
Other		
Auxiliary Services/Other	3.0	96.8%
Scholarships/Fellowships	0.1	3.2%
TOTAL Other	*3.1*	
Grand Total	**$23.9 million**	

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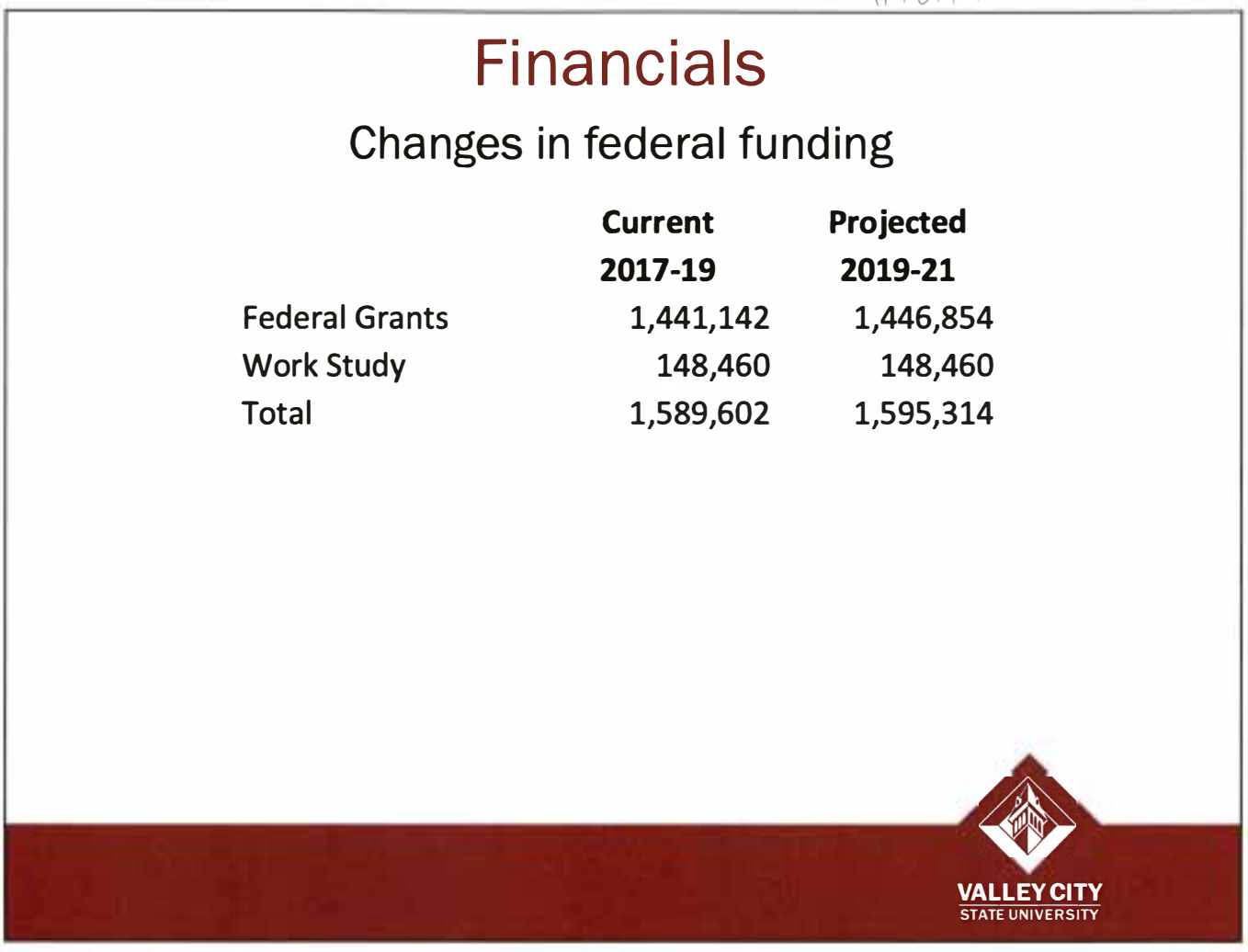

Slide 27: Changes in Federal Funding

The federal funds we receive come through grants and work study. These look to remain flat for the upcoming biennium.

Federal Grants

	2017-19	*2019-21*
Pell	1,315,863	1,359,326
Supplemental	119,693	81,900
TEACH	5,586	5,628
Total	$1,441,142	$1,446,854

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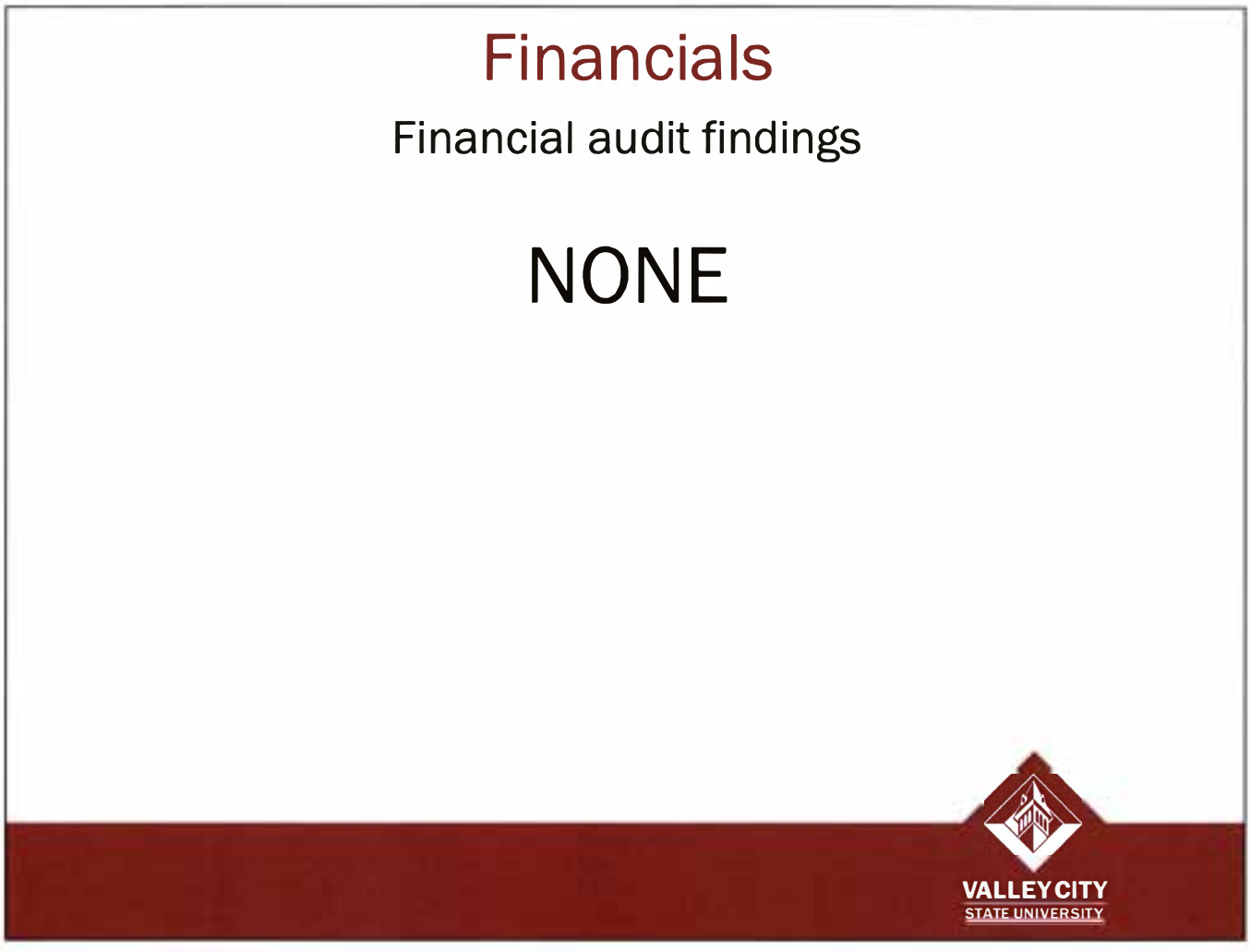

Slide 28: Audit Finding

VCSU has no financial audit findings in the last biennium.

We had one operational finding related to finalizing the lease agreement between VCSU and the Valley City Parks and Recreation Department for the Gaukler Family Health, Physical Education and Wellness Center.

That agreement has been completed, and the audit finding corrected.

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Investment in Infrastructure

Thanks for Heat Plant





VALLEY CITY STATE UNIVERSITY

Slide 29: Thanks for Heat Plant

The new VCSU heat plant east of Rhoades Science Center was funded by an appropriation received from the North Dakota Legislature in its 2015 session. The new plant replaced an outdated facility constructed in 1910.

The legislature recognized that the old power plant threatened VCSU campus safety and security, and the proposal received the requested $14.3 million in funding. After reductions from the budget allotments, a new $13.9 million heat plant was constructed.

The VCSU heat plant was designed by JLG Architects, with Obermiller Nelson Engineering serving as the engineering firm and McGough Construction serving as construction manager. The old power plant was demolished in June 2017, and the new heat plant came on line for the 2017–18 heating season. The new plant was celebrated with a ribbon-cutting ceremony on April 3, 2018.

The heat plant features three energy-efficient boilers with combined capability of utilizing natural gas, coal, and fuel oil. With expanded capacity to accommodate future campus growth, the new plant requires less maintenance and labor, and operates significantly more efficiently than its predecessor.

The heat plant was also designed with the potential for an exciting addition—an environmentally friendly activated carbon plant. The innovative carbon plant would generate revenue and also provide for student/faculty research opportunities.

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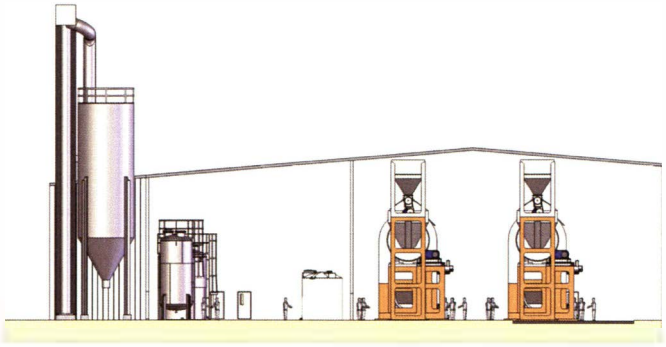
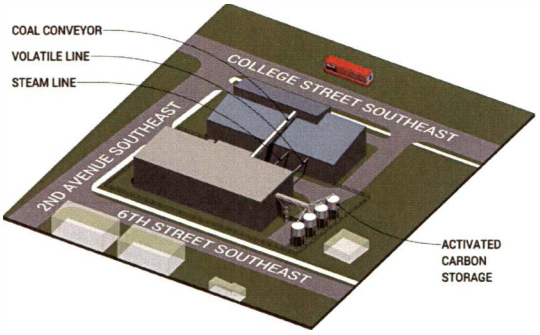
Investment in Infrastructure

Activated Carbon Plant





VALLEY CITY STATE UNIVERSITY

Slide 30: Activated Carbon Plant

Progress on the activated carbon plant addition to the VCSU heat plant continues.

The selection of the team has been completed as follows:

- architect: JLG
- engineer: Obermiller Nelson Engineering
- construction manager at risk (CMAR): Construction Engineers
- sales and distribution: Thatcher Chemicals
- third-party feasibility study: Barr Engineering

The feasibility study is in process, with expected completion in the next couple months.

Bond sales will follow the successful feasibility study.



Slide 31: Need for Communication and Fine Arts Building

Foss Hall (built in 1963), VCSU's music building, sits directly on the banks of the Sheyenne River. As the City of Valley City has installed permanent flood protection—protecting the city and the VCSU campus—Foss Hall is located on the wrong side of the floodwall.

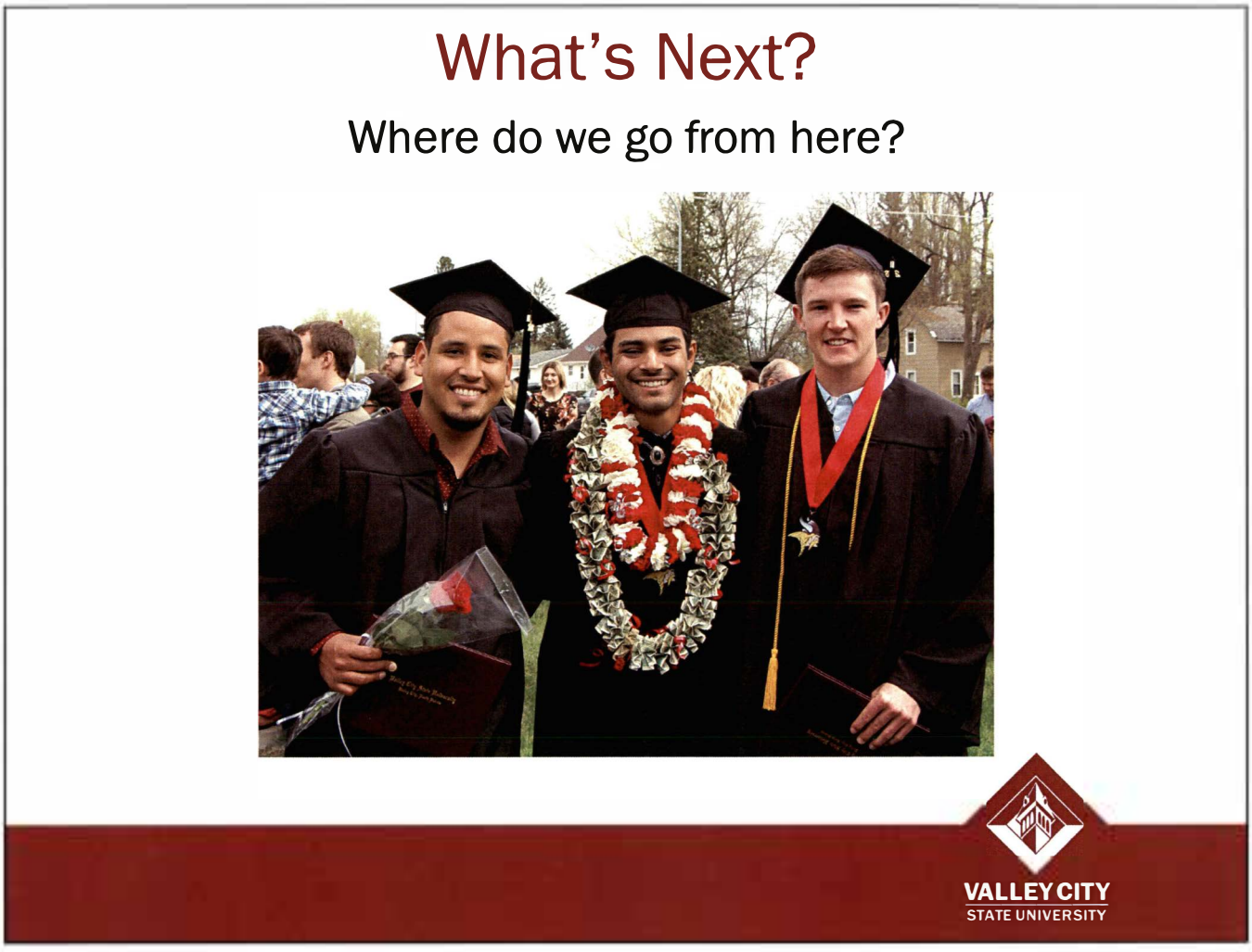
To protect students and state assets, Foss Hall must be razed and its functions replaced elsewhere on campus. In addition, to save operating expenses in the last biennium budget cuts, much of McCarthy Hall was "mothballed," with only the Art Department remaining in part of the building. A new Communication and Fine Arts Building would give the Art Department a new home.

The proposed Communication and Fine Arts Building will replace Foss Hall and consolidate the Art and Music programs in one facility, which will also include the Communication Arts Department.

Every student completing the general education program at VCSU will take at least 2 courses (6 credits) in this building. By shuffling classrooms and offices, this will also allow for the razing of McCarthy Hall.

Estimated at slightly less than $32.3 million, the project is needed because the installation of permanent flood protection along the river has put Foss Hall on the wrong side of the floodwall.

Att 2 HB 1003 1/16/19



Slide 32: What's Next?

As an innovative university, we deliver distinctive, learner-centered experiences.

Moving forward, we must think strategically about how best to keep our campus thriving, serving the needs of our students and state.

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Thank You

Questions?



VALLEY CITY
STATE UNIVERSITY

Slide 33: Thank You

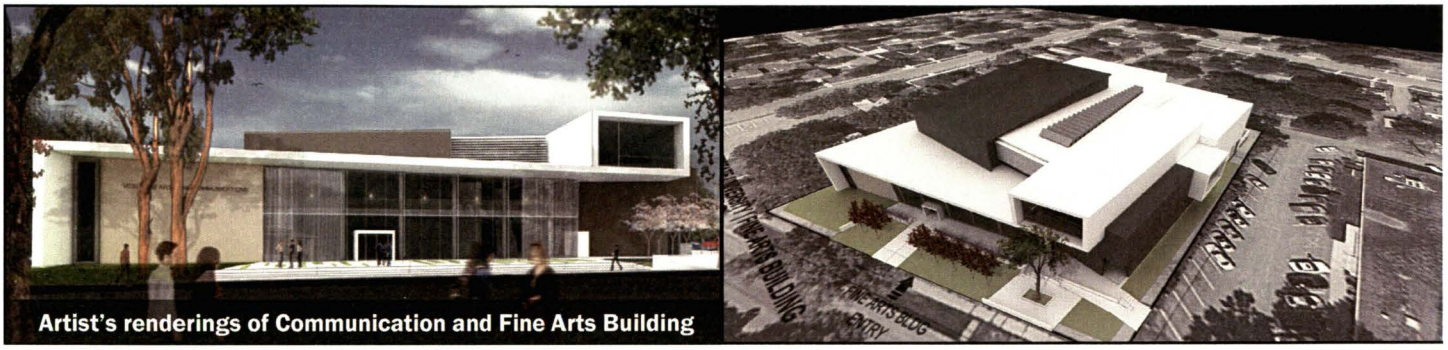
We appreciate your input, support and collaboration as we seek to fulfill our mission:

Valley City State University is a public, regional university offering exceptional programs in an active, learner-centered community that promotes meaningful scholarship, ethical service, and the skilled use of technology. As an important knowledge resource, the university offers programs and outreach that enrich the quality of life in North Dakota and beyond. Through flexible, accessible, and innovative baccalaureate and master's programs, VCSU prepares students to succeed as educators, leaders, and engaged citizens in an increasingly complex and diverse society.



VALLEY CITY
STATE UNIVERSITY

VALLEY CITY STATE UNIVERSITY



Artist's renderings of Communication and Fine Arts Building

PROPOSED VCSU CAPITAL PROJECT
Construction of Communication and Fine Arts Building

Valley City State University has an urgent need to construct a new Communication and Fine Arts Building. Permanent flood protection for the VCSU campus has put Foss Hall on the wrong side of the floodwall.

Estimated Cost: $32,275,887 (project will eliminate $2,579,413 in deferred maintenance)

The Proposal

The proposed Communication and Fine Arts Building will replace Foss Hall and consolidate the Art and Music programs in one facility, which will also include the Communication Arts Department.

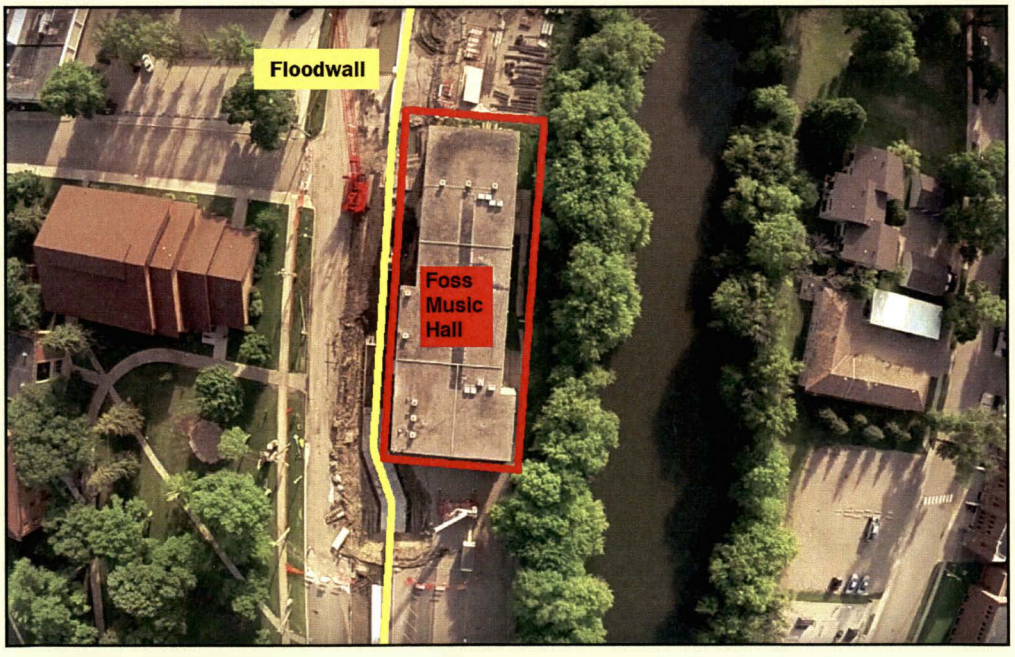
Every student completing the general education program at VCSU will take at least 2 courses (6 credits) in this building. By shuffling classrooms and offices, this will also allow for the razing of McCarthy Hall.

Estimated at slightly less than $32.3 million, the project is needed because the installation of permanent flood protection along the river has put Foss Hall on the wrong side of the floodwall. It will also allow VCSU to retire more than $2.5 million in deferred maintenance by razing Foss Hall.

The Need

Foss Hall (built in 1963), VCSU's music building, sits directly on the banks of the Sheyenne River. As the City of Valley City has installed permanent flood protection—protecting the city and the VCSU campus—Foss Hall is located on the wrong side of the floodwall.

To protect students and state assets, Foss Hall must be razed and its functions replaced elsewhere on campus.



The Benefits


Foss Hall (behind flood wall)

- Gather communication and fine arts programs— 5 majors, 5 minors and 4 certificate programs—under one roof, providing students with consolidated, updated facilities.
- Raze Foss Hall, providing a deferred maintenance savings of $2.5 million.
- Achieve organizational efficiency through common box office and shared administrative support, and achieve space efficiency through multi-use workrooms and performance areas.
- House at least 2 of VCSU's required general education courses, giving all freshmen on campus access to modern classroom facilities and increased exposure to the arts.
- Provide ADA accessibility (currently lacking in Foss Hall) in the new building with an elevator.
- Create appropriate acoustics in performance and practice space, along with proper climate control to preserve expensive instruments.
- Foster an atmosphere of collaboration and inspiration, an interdisciplinary approach to creative problem-solving and innovation, and a synergy embodying the VCSU core values of innovation and community, by combining the fine arts with the communication arts programs in one building.

Renovation of McCarthy unworkable for music building


McCarthy Hall

The Executive Budget explores a renovation of McCarthy Hall to meet Valley City State University's need to replace Foss Hall. Unfortunately, that possibility is unfeasible.

Built in 1930, McCarthy has remained largely untouched over time, and its deferred maintenance alone far exceeds the Executive Budget figure.

The McCarthy Hall infrastructure and design are from another era. Although extensive renovation might allow it to function as a traditional classroom building, converting it to a modern, functional music building with first-rate space for classes, studios, ensemble rehearsal space and a recital hall is unworkable given its structural limitations and infrastructure deficiencies.

We must always ask ourselves what is best for our students and our university. The outstanding student musicians and future music educators at Valley City State University need a first-rate facility to enhance their educational experience, and the teaching of talented and dedicated faculty members will be greatly enhanced by a new building, as will the recruiting of new students. The future of music at VCSU depends on looking forward, not just making do.

McCarthy Hall Renovation Needs

McCarthy Hall would need the following major improvements:

- Asbestos abatement/removal
- Air handling system with duct work
- Piping throughout the building: water lines, sanitary sewer lines, removal of existing steam lines, and installation of water loop and steam converter system
- Penthouse for mechanical systems
- Roofing with insulation, EPDM rubber roofing membrane, and flashing
- Insulation for exterior walls
- Energy-efficient windows
- New electrical wiring and conduit
- Tuckpointing of brickwork
- Elevator to accommodate large instruments such as grand pianos
- Fire-prevention sprinkler system

Limitations for Special Spaces

The structural design of the building and its footprint cannot accommodate the large open spaces needed for choir and band rehearsal rooms, which require sunken and elevated terraced rooms respectively, along with acoustic features and treatments that both reproduce sound accurately and protect musicians' hearing.

Conclusion

It doesn't make financial sense to renovate McCarthy Hall for a music building.

VALLEY CITY STATE UNIVERSITY

Valley City State University • President's Office
101 College St SW • Valley City, ND 58072
701-845-7102 • www.vcsu.edu

2019 Campus Snapshot | Valley City State University

MISSION

Valley City State University is a public, regional university offering exceptional programs in an active, learner-centered community that promotes meaningful scholarship, ethical service, and the skilled use of technology. As an important knowledge resource, the University offers programs and outreach that enrich the quality of life in North Dakota and beyond. Through flexible, accessible, and innovative baccalaureate and master's programs, VCSU prepares students to succeed as educators, leaders, and engaged citizens in an increasingly complex and diverse society.

SIGNATURE PROGRAMS

Teacher Preparation

- 347 students enrolled in elementary education and 253 students enrolled in secondary education majors (Fall 2018)
- 143 students enrolled in online Master of Education (M.Ed.) and Master of Arts in Teaching (M.A.T.) degrees (Fall 2018)
- Offer the only online elementary education degree program in North Dakota to increase access for teacher preparation
- Unique program in which junior/senior elementary education students serve as substitute teachers in Valley City, Fargo. and West Fargo schools
- More than 1,400 VCSU alumni serve as teachers and school administrators in 333 schools/education units in 157 North Dakota communities

Integration of Open Educational Resources (OER)

- Faculty encouraged to replace expensive textbooks with accessible OER in curricula
- In six semesters (Spring 2016 through Fall 2018), OER have saved VCSU students more than $1 million in textbook costs
- State audit showed VCSU as a leader in OER use

Three-Year Programs

- 21 students who completed graduation requirements in less than 4 years were recognized at the Spring 2018 commencement ceremony; 15 more were recognized at Winter 2018 commencement

Academic Specialties

- Elementary and Secondary Education
- Fisheries and Wildlife Science
- Athletic Training
- Health Science
- Software Engineering

Academic Centers

- Don Mugan Career and Technical Education Leadership Center
- Great Plains STEM Education Center
- Prairie Waters Education and Research Center

COLLABORATIVE PROGRAMS

Articulation Agreements with Community Colleges

- More than 75 articulation agreements with two-year schools for baccalaureate completion in face-to-face and online programs

VCSU and North Dakota State University

- Collaborate on human development and family science/elementary education program
- VCSU faculty teach elementary education coursework on NDSU campus
- Students who complete program earn degrees from both institutions

VCSU and Dakota College at Bottineau

- DCB students reside on VCSU campus and participate in DCB two-year degree and certificate programs
- Popular DCB nursing program hosted in Rhoades Science Center on VCSU campus
- DCB delivers developmental courses needed by some VCSU students

NExT (Network for Excellence in Teaching)

- Valley Partnership of VCSU, NDSU, and Minnesota State University Moorhead participates with 11 other colleges and universities in Minnesota and South Dakota
- Funded by Bush Foundation grant to prepare more effective teachers; provides continuing support for new teachers in classroom

COMPETITIVE POSITION (REGIONAL/NATIONAL)

- Ranked No. 3 among Top Public Regional Colleges in Midwest by U.S. News and World Report in 2019
- Ranked among Top 3 Public Regional Colleges in Midwest continuously since 2010
- A U.S. News "Best College" for 21 consecutive years

STRENGTHS, CHALLENGES, NEEDS AND PRIORITIES

Strengths

- Close-knit, personal campus: students and faculty/staff know each other, work closely together
- 20-plus years of leadership in integration of technology in learning, accentuated by laptop campus (second college in nation to issue laptops to all full-time students, began Fall 1996)
- Innovative and responsive program offerings
- Strong town-gown relationship
- Highly active, supportive university foundation
- Long-term history of fiscal responsibility and unqualified audits
- Renowned teacher-preparation programs
- Successful athletic program with true scholar-athletes
- Attractive campus in picturesque community

Challenges

- Oldest average-aged buildings of NDUS campuses carry significant deferred maintenance
- Extending prospective student market beyond traditional recruiting region
- Recruitment and retention of faculty and staff
- Adjustment and adaptation to declining state appropriations

Needs

- New Communication and Fine Arts Building to replace Foss Hall (on wrong side of floodwall) and McCarthy Hall
- Life safety improvements: fire alarm system upgrades, emergency egress and ADA accessibility improvements, emergency power enhancements, card access for academic buildings, upgrades to surveillance system
- McFarland Hall (main building) deferred maintenance: roof, tuck-pointing, and air-handling systems
- Student Center renovation/repurposing

Priorities

- Student recruitment, retention and persistence
- Activated carbon plant addition to heat plant
- Physical plant improvement

ORGANIZATION AND GOVERNANCE STRUCTURE

President: Alan LaFave

Leadership Team

- Margaret Dahlberg, VP for Academic Affairs
- Wesley Wintch, VP for Business Affairs
- Pete Smithhisler, VP for Student Affairs
- Larry Robinson, Executive Director of University Advancement
- Joseph Tykwinski, Chief Information Officer
- Jill DeVries, Athletic Director
- Greg Vanney, Director for Marketing and Communications

FACULTY STATISTICS

- FTE of benefited faculty: 67
- Headcount of benefited faculty: 69
- Percentage of headcount tenured: 52%
- Percentage of faculty with terminal degrees: 59%

STUDENT DEMOGRAPHICS

Total Undergraduate Students (Fall 2018): 1,404

- Full-time undergraduates: 862
- Part-time undergraduates: 542

Total Graduate Students (Fall 2018): 143

- Full-fime graduate students: 10
- Part-time graduate students: 133

Total Enrollment (Fall 2018): 1,547

Online Only (Fall 2018): 25%

Degrees Conferred in 2017–18

- Certificates: 18
  - Undergraduate certificates: 1
  - Graduate certificates: 17
- Undergraduate degrees: 262
- Master's degrees: 33

Student Achievement Measures (SAM) Completion Rates at 6 Years (Fall 2012–Spring 2018): 37% first-time, full-time (49% transfer cohort)

FINANCIALS

VCSU Operating Budget (2018–19): $25,260,762

NDUS General Fund Revenues in VCSU Operating Budget (2018–19): $10,053,740

Special Budget Considerations

- $32.3 million Communications and Fine Arts Building (to replace Foss and McCarthy halls)
- $22.5 million activated carbon plant
- $408,000 two-for-one deferred maintenance match

2015–17 Completed Student Credit Hours: 62,245

2018–19 Cost to Attend (Tuition and Fees)

- In-state: $7,626
- Out-of-state: $17,166

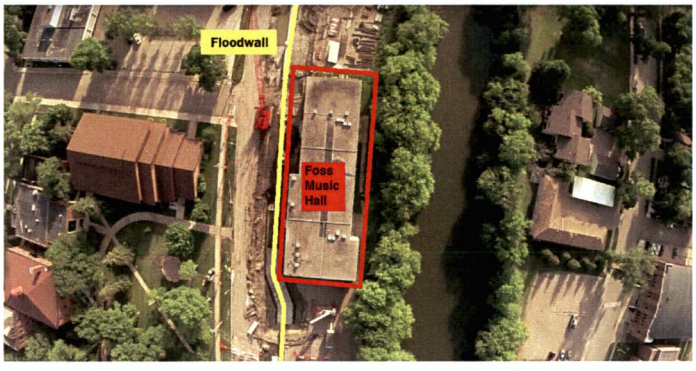
NORTH DAKOTA UNIVERSITY SYSTEM
ACCESS. INNOVATION. EXCELLENCE.

VALLEY CITY STATE UNIVERSITY

January 2019

VALLEY CITY STATE UNIVERSITY

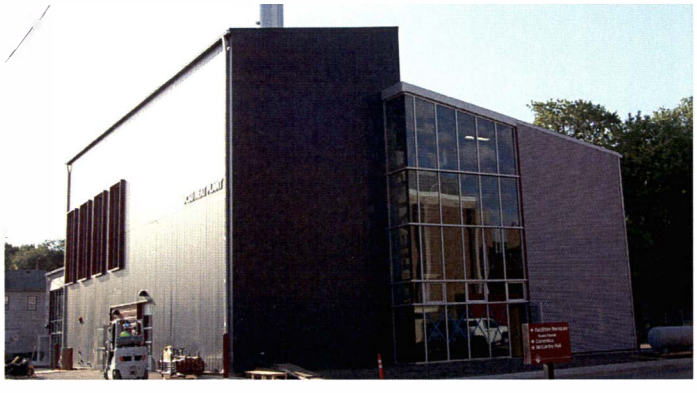
Valley City State University students, faculty and staff work together to create an oustanding teaching and learning environment. The university shows strong enrollment, retention and foundation support. The campus, with the exception of Foss Hall, is now protected by permanent flood protection. A new heating plant has been constructed, and the university is pursuing integration of an innovative activated carbon plant with the heat plant. The Gaukler Family Wellness Center provides an outstanding venue for student and community fitness and wellness activities, and a new home for VCSU's Kinesiology and Human Performance Department. Deferred maintenance presents a continuing challenge.



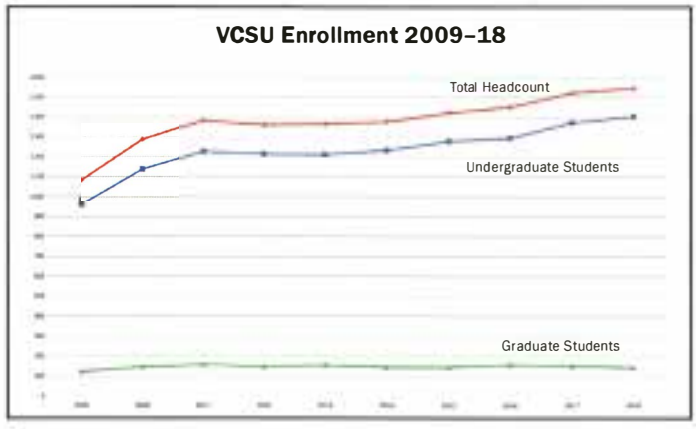
Foss Hall, the VCSU music building, Foss Hall, sits on the wrong side of Valley City's floodwall; its replacement is a top university and system priority.



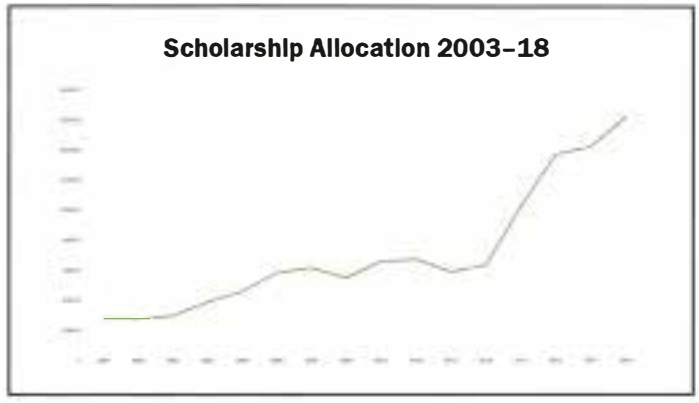
Artist's rendering of new Communication and Fine Arts Building, which would replace Foss Hall and also allow for the razing of McCarthy Hall.



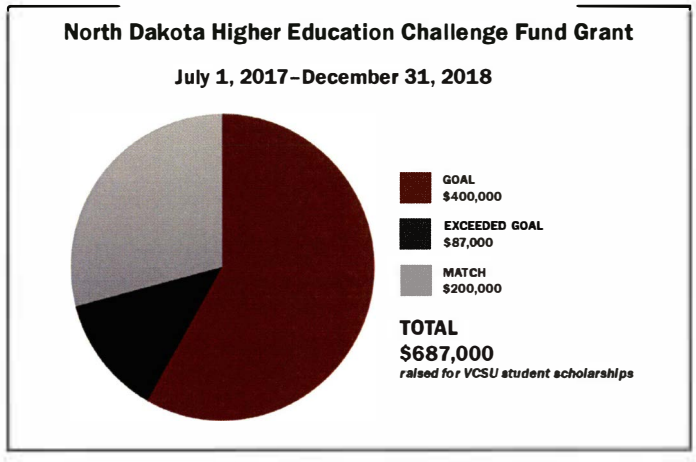
Integrating an activated carbon plant with VCSU's new heat plant will provide a new revenue stream and research opportunities for students and faculty alike.



Enrollment continues to trend upward.



The VCSU Foundation has allocated a record $1.623 million in scholarship support to VCSU students in 2018–19.



Thanks to the generous support of alumni and friends, the VCSU Foundation met and exceeded the Challenge Fund goal in April 2018.



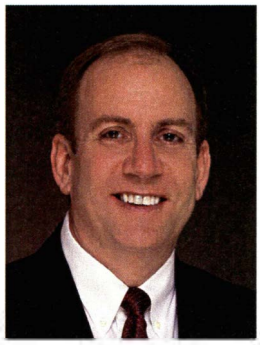
Much has been invested in McFarland Hall over time, but significant deferred maintenance remains.



Campus Update ◆ 2018 Highlights

2018: A GOOD YEAR AT VALLEY CITY STATE UNIVERSITY

Alan LaFave, D.M.A.



President Alan LaFave

I officially began my work on campus December 17, and I'm thankful for the opportunity to serve this outstanding institution. When the State Board of Higher Education selected me as VCSU's 14th president on September 27, I couldn't have been more excited, and the excitement has continued to build since then.

Prior to my visits to campus this September as part of the interview process, I did my homework and knew of several of the accomplishments listed here. Now that I've come to know the people of VCSU and Valley City a little better, I understand how all of this has happened: I see the pride, I see the effort, I see the commitment.

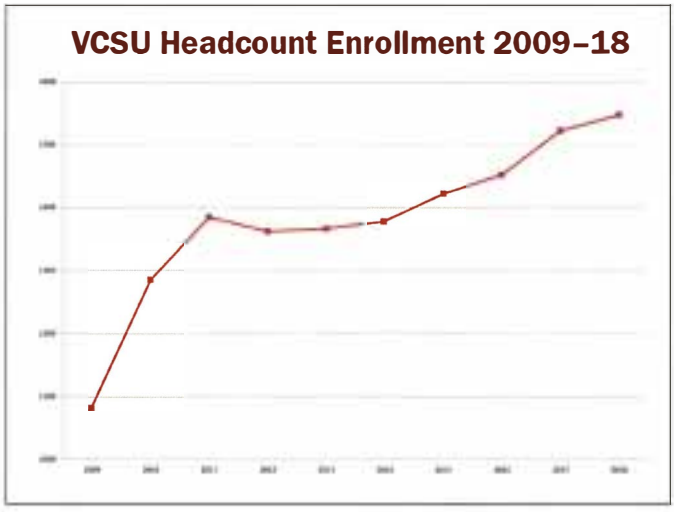
Thank you for the trust you have placed in me—let us work together to build upon the rich VCSU legacy in the years to come.

Going forward, I'll tell you more about what I'm doing here as the new president of Valley City State University, but for now I'd like to recognize some of the successes the university enjoyed in 2018 under the leadership of Interim President Margaret Dahlberg.

It's been a good year at VCSU; here are some of the highlights.

NATIONAL RECOGNITION

The university continues to receive national recognition. Early January 2018 brought the news that VCSU's online programs were nationally ranked in U.S. News and World Report's "2018 Best Online Programs." We're proud of our people and our programs, and thankful for the opportunity to make a VCSU education available to those at a distance who need the flexibility that online programs offer. And in September, we learned that VCSU once again was named a U.S. News "Best College" for 2019, the 21st consecutive year for that recognition. U.S. News ranked the university third among Midwest public regional colleges in their "Best Colleges 2019" guidebook; VCSU has now been ranked among the top three Midwest public regional colleges each year since 2010!



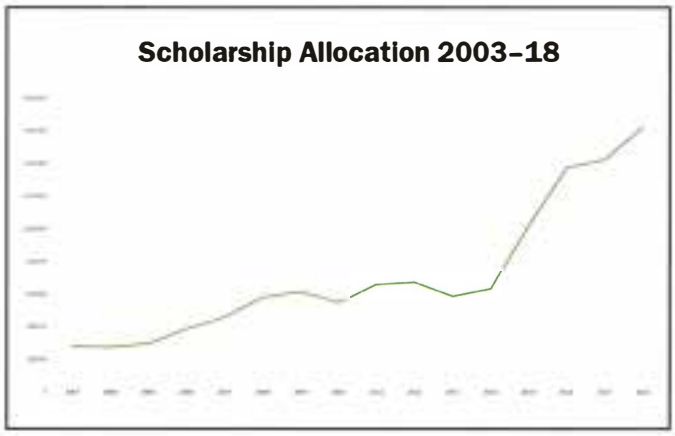
ENROLLMENT RECORDS

A VCSU education continues to be a great choice for students and their families. In the first week of February 2018, the university took pride in announcing record spring enrollment with a headcount of 1,500 and an FTE (full-time equivalent) figure of 1,044. The final fall enrollment numbers were announced on September 18, and you guessed it, another record for VCSU! Fall semester brought a record-setting headcount of 1,547 students, with 1,404 undergraduates. Let me repeat Interim President Dahlberg's words: "Strategic growth doesn't happen by accident—it takes dedication and commitment—and I applaud the community for these achievements that come from working together."

ATHLETIC SUCCESSES

The Viking athletic program enjoyed many successes in calendar year 2018. Women's basketball won the conference tournament championship in February and advanced to the NAIA national tournament in March. The softball squad was ranked in the national

Top 25 poll for the first time in program history last spring. Track and field's Megan Johnson (triple jump) and Kyle Odegard (javelin) earned All-American honors at the NAIA national meet in Gulf Shores, Ala., in May. In the fall came notice that the Viking athletic program had earned NAIA Champions of Character recognition for the 16th consecutive year and silver-level recognition for the second straight year. And in November, three cross country student-athletes—Grace Miller, Allyssa Weitkum and Riley Roy-Lagasse—ran at nationals in Cedar Rapids, Iowa.



The VCSU Foundation allocated a record $1.623 million in scholarship support to VCSU students in 2018–19.

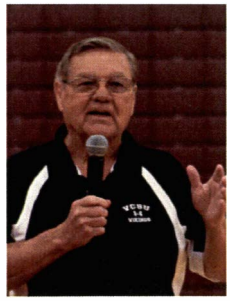
RECORD SCHOLARSHIP ALLOCATION, TRACK FUNDRAISING HIGHLIGHT FOUNDATION EFFORTS

The VCSU Foundation allocated a record $1.623 million for student scholarships in 2018-19. That tremendous amount of support makes a real difference for our students and their families as we strive to keep a VCSU education affordable.

In support of Viking athletics, the VCSU Foundation kicked off fundraising efforts for the track and field facilities at Lokken Stadium. Announced in June 2018, the project—which exceeded $1 million—enjoyed a fast start thanks to the generosity of John Hill, one of our stalwart supporters from Valley City who contributed much of the needed funding. Most of the work was completed before winter; next spring the final surface will be applied to finish this upgrade to our athletic facilities.

The foundation also recognized Kevin "Sparky" Kamphuis of Valley City in August with its "Difference Maker Award" for his steadfast volunteer efforts in support of Viking athletics over the years.

ALUMNI ACHIEVEMENTS



Gary Tharaldson '67

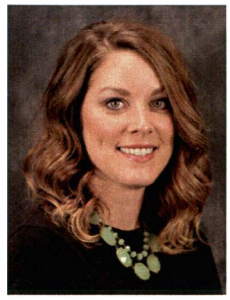
Our graduates figure prominently in the VCSU story. One of our most distinguished alumni, Gary Tharaldson, class of '67, came to campus on May 8 for a presentation and book-signing of his biography, "Open Secrets of Success: The Gary Tharaldson Story," in the W.E. Osmon Fieldhouse. The entrepreneur and hotel magnate shared stories and answered questions; by all accounts, it was a great day to be a Viking!

Two more alumni received national honors in November 2018. Deep in the heart of Texas, VCSU alumni Peder Gjovik '77 and Katie Hatt M.Ed. '16 won national awards November 28 at the Association for Career and Technical Education (ACTE) national conference in San Antonio. Gjovik, associate professor and chair of the VCSU Department of Technology, was named ACTE 2019 Teacher Educator of the Year, while Hatt, health careers instructor in the Grand Forks Public Schools and the Grand Forks Area Career and Technology Center, was named ACTE 2019 New Teacher of the Year.



Katie Hatt and Peder Gjovik

Recognition for alumna and staff member Stephanie Roelfsema '07, M.Ed. '14, director for residence life, came in the December 2018 issue of Prairie Business magazine. Because of her active involvement in the VCSU and Valley City communities, Stephanie was named to the magazine's 2018 "40 Under 40" list, which recognizes 40 of the top business professionals under the age of 40 in the Northern Plains.



Stephanie Roelfsema

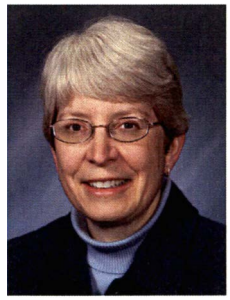


VISIT FROM GOVERNOR AND LT. GOVERNOR

The campus drew distinguished guests in October 2018, when North Dakota Governor Doug Burgum and Lieutenant Governor Brent Sanford came to visit on the 9th. They toured campus, saw the Valley City floodwall protection, met with students and faculty in the education and fisheries and wildlife science programs, held an open forum with faculty and staff, and met with the VCSU administrative leadership team. We're thankful that our students were able to share their experiences and that faculty and staff had the opportunity to share their concerns as well.

THANKS TO MARGARET DAHLBERG

On November 29, 2018, the community formally recognized Margaret Dahlberg for her service as interim president with a reception on campus and the presentation of a portrait to be hung in the Student Center President's Room along with the portraits of all VCSU presidents. Margaret's two stints as interim president are much appreciated, and she'll continue to serve us very capably as vice president for academic affairs.

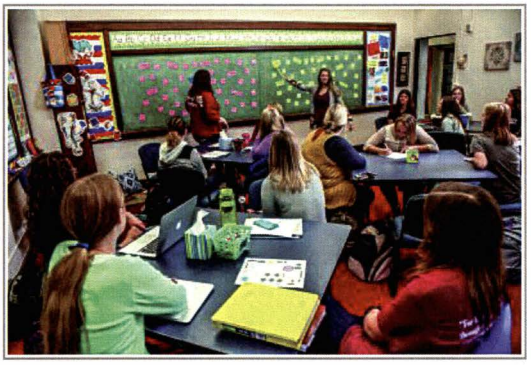


Margaret Dahlberg

PATHWAY TO PASSION FOR RURAL TEACHING

From staff reports

Megan Trautman prizes her "Class B" world. In that world, the "Class B" label – the athletics classification for small high schools in North Dakota – is about more than small enrollments. For Trautman, her Enderlin family, and farm and rural families across North Dakota, "Class B" is a way of living, working and aspiring together.



Educating future teachers is a central focus at Valley City State University. These VCSU elementary education students practice teaching to peers in the model classroom on campus.

When Trautman completed her bachelor's degree in art education and psychology from Valley City State University (VCSU) in 2017 and searched for her first teaching job, Class B rural North Dakota called. She found what she was looking for in Carrington. In 2017-18, Trautman completed her first year of teaching, handling art classes in the Carrington School District.

"I think I wanted to go back to that rural setting, because that's where I came from," Trautman says. "You are with good, hard-working people, and able to work with lots of different people in school, in a setting where I knew I could be successful."

"When I visualized and finally decided upon an education major, I just really wanted to go back to where I came from. I like the atmosphere of a Class B school," she says.

At VCSU, the teacher education path Trautman followed – from and back to rural North Dakota – is common, and highly valued. "Many of our students come to us from rural communities," says Dr. Sheri Okland, dean of the VCSU School of Education and Graduate Studies. From the faculty, to the continuing innovations in teacher education, to the teacher graduates the university produces, Okland says VCSU is dedicated to being a solution to a major challenge. "In North Dakota, there is definitely the need. Some rural areas struggle to get teachers," she says.

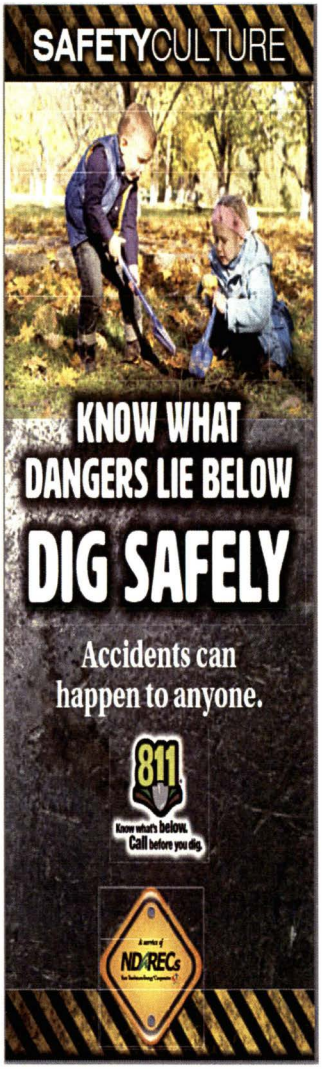
Okland also adds VCSU has a location that is central in a rural region, and draws rural students who want to stay near their home or prefer a smaller campus setting for higher education. Megan Trautman fits that bill.

"Valley City State is close to home, and that was important to me," the Enderlin High School graduate says. Undecided on a major during her start there, Trautman, who played basketball for VCSU, kept at general studies, when art got her attention. "I didn't really think I would be in the education field, and didn't see myself as an art teacher, but then I took my first art class, and I really enjoyed it," Trautman says.

Interest and achievement grew into a passion. "I started to get excited about everything I was learning, and then wanted to share that with others, not just keep it for myself," she adds.

Trautman eventually declared the double major of art education, and psychology – which was also an area of strong interest. "Now I'm using these every single day when I'm in the classroom," Trautman says.

She provides art instruction at all grade levels, and does some team coaching, as well. For all her art students, Trautman passes along the importance of art, along with the techniques for drawing, painting, sculpting and other art forms.



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"I also want to create a comfortable environment for all my students – comfortable for them to come in my classroom, and be themselves, experiment with different things, and create, and learn and grow," she says.

FROM VCSU TO SCIENCE CLASS

Zach Nelson, a Kindred High School graduate, another 2017 VCSU graduate, also just completed his first year of teaching, at Sargent Central High School. His university degree is in chemistry education, and he now teaches five different high school science classes. Nelson's path to chemistry education was a shift in gears from his start as a math education major. After his freshman year at VCSU, his favor turned to the sciences.

"After my freshman year, I transitioned over into the sciences. They've always been interesting to me, and I love doing and teaching science, so that's why I made the transition," Nelson says.

Nelson describes his first year at Sargent Central as challenging – and trying – but he would learn these are common experiences for the first-year teacher. He was able to establish a routine and a rapport which helped smooth the ride.

"It was just actually getting into that routine and becoming more comfortable with the students and then becoming more comfortable with myself that really helped out. And it was nice because the kids are always good," Nelson says.

Nelson says a key he found to relating science studies to high schoolers was applying science to their world. He did this by describing the biological fundamentals of hunting habitat, or the value of chemistry in agriculture. With the Bobcat manufacturing facility nearby, Nelson was able to discuss the basics of robotics, and the role it plays there.

"I would like my students to become more science literate," Nelson says. "Part of why I wanted to get into teaching science is that nowadays we have a lot of controversy surrounding scientific issues that are really hot-button issues. We have a lot of people who don't seem to understand what's going on and it's becoming not only a problem in our society but politically, and financially and elsewhere. I just want to show them that this is why we know what we know, and this is how we use this information," he says.

OKLAND: INNOVATION & POSSIBILITIES

Dr. Sheri Okland says VCSU works on several fronts to meet the challenge for placing teachers where they are sorely needed and excellent, modern teachers everywhere. Currently, Okland says innovation is a major point of emphasis in VCSU's curriculum development.

"Our basis for innovation and teaching our teachers is to look at the possibilities, and understand what's out there in the world, and how they can bring that back to problem solve with what is happening in rural North Dakota," Okland says.

"We emphasize differentiating and individualizing instruction so that all of their students can learn," Okland continues, "and I think we start with helping our preservice teachers understand how they learn. There's a definite need to understand our own personal learning in order to understand how children learn."

Rural educator perspectives

"I also want to create a comfortable environment for all my students – comfortable for them to come in my classroom, and be themselves, experiment with different things, and create, and learn and grow."

- Megan Trautman, art teacher, Carrington School District

"I would like my students to become more science literate. ... Part of why I wanted to get into teaching science is that nowadays we have a lot of controversy surrounding scientific issues that are really hot-button issues."

- Zach Nelson, science teacher, Sargent Central High School

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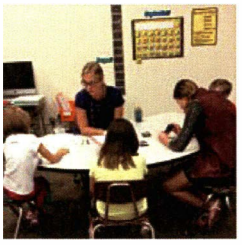

December 11, 2018
By: Joan Klein (Valley City State University)

VALLEY CITY, N.D. (NewsDakota.com) – The elementary education program at Valley City State University has brought its unique Substitute Teacher Program to the Valley City Public Schools this fall. Through the substitute program, VCSU junior and senior elementary education majors will spend eight Fridays each semester as substitute co-teachers at Washington and Jefferson schools.

Each Friday, 16 VCSU students, paired in groups of two, cover eight classrooms at the elementary schools, and the Valley City Public School teachers use the time away for professional development opportunities.

While the classroom teacher is out for the day, two university students lead the elementary students through their daily routines, educational activities and learning plans. Working as a pair, the VCSU preservice teachers are able to connect theory to practice, applying what they are learning in teacher education courses to the practical classroom. A VCSU education professor supervises the university students all day, providing support, answering questions and helping the student substitute teachers make connections. This real-world opportunity leads to rich discussions and teachable moments back on campus.

The Substitute Program provides a great opportunity for local schools in two different areas. Because substitute teachers can be difficult to find, the program develops a new pool of candidates professionally trained to fulfill this high-need position. VCSU students are encouraged to apply for their substitute teaching licenses while gaining this valuable experience, and after effectively completing six Fridays, students are encouraged to substitute teach throughout North Dakota.

To encourage and facilitate substitute teaching, VCSU developed a new class schedule. Many seniors have three days free of classes each week, so they are available to substitute in area schools once they have completed the Substitute Teacher Program. These opportunities occur before their formal Student Teaching program and positively impact their readiness for that experience.

Another advantage of the Substitute Teacher Program is the professional development component. Because the college students are not paid—substitute teachers typically cost $120 a day—the public schools can afford to spend the day training a large group of their teachers without incurring additional expense. Grade-level teams can meet for a productive amount of time, meeting a variety of their needs. Teachers may receive technology support, develop new content, analyze their support programming, incorporate specialized training and collaborate with administration.

Although new to Valley City Public Schools, VCSU began the implementation of its Substitute Teacher Program in 2014 in the West Fargo Public Schools, under the direction of Sheri Okland, Ph.D., now associate professor and dean of the School of Education and Graduate Studies at VCSU.

Along with Valley City, the substitute program has also been brought to Fargo Public Schools this fall. Yvonne Cannon, VCSU instructor of education, directs the program in Fargo and West Fargo, and Joan Klein, assistant professor of education, leads the Valley City program.

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VCSU Substitute Teacher Program participants Laken Breuer (center) and Darika Lemna (far right) served as student performance strategists while subbing at Jefferson Elementary in Valley City.

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Diane Burr

A veteran — and champion — of online teaching



Diane Burr never imagined her academic life at Valley City State University would evolve to the point where she would be teaching her course load online, but that's where she's at. This fall, Burr, professor and chair of the Department of Kinesiology and Human Performance, teaches four fully online courses and team teaches one hybrid course, where she does the online component and a department colleague, Sharon Bratrud, handles the face-to-face portions of the course.

After completing a master's degree in secondary education at Northern State University in Aberdeen, South Dakota, in 1981, Burr joined VCSU as a coach and faculty member in the physical education department. After more than two decades of coaching, which included volleyball, softball, women's tennis, and track and field along the way, she stepped down as head volleyball coach after the 2003 season.

It was somewhere in those early years of the 2000s that Burr began teaching online. She'd been hooked on technology for a while—"I remember calling my sister and sharing how excited I was to be logged in to a library in Cairo, Egypt, sitting at my computer in Graichen Gym; I was amazed!"—but it was necessity that really drove the process of putting HPE classes online.

"We only had three faculty members, and teaching a course that was part of the general education requirements for all students on campus was a huge undertaking," Burr says. "We didn't have the staff, the physical space, or the logistics with scheduling to make it work. We needed to commit to teaching this general education course online."

Burr and her faculty colleagues also aimed to serve the students better from a content standpoint. "We wanted to make sure our students in the department had the full complement of health classes to go with the physical education offerings," she says. "We made a conscious effort to put health classes online to provide better preparation for the students." She also notes that the flexibility of the online courses also aided the students, many of whom were athletes with practices, games and travel who benefited by being able to do the online work at their convenience. Offering online courses in the summer also added flexibility for students.

The notion of serving those general education requirements online persists today. Burr's HPER 100 course, Concepts of Fitness and Wellness, serves VCSU's geographically diverse student body, as distance education students in the university's online music, technology education, and Wyoming elementary education programs all find themselves in the course, along with members of VCSU's resident student population.

Blackboard, the learning management system used at VCSU, provides the software platform for Burr's online teaching, but she augments that by putting a variety of other software to work, including Microsoft Sway for video recordings—she uses 10 to 15 minute lectures—and VoiceThread so students can ask questions and/or share comments with classmates in their own voice.

"I'm a firm believer in having students hear the voice of the instructor," says Burr, but she shies away from being a "talking

Online education at VCSU

VCSU's rich heritage in educational technology supported pioneering efforts in teaching online, and in 2001 the first students in the VCSU online technology education program, its first online program, received degrees. Since then, the university's online programs have continued to grow.

Online undergraduate degrees are now offered in 12 programs: business education, business process integration management, career and technical education, communication, English, English education, history, history education, music, social science, social science education, and technology education. Online courses are offered in other disciplines as well. In 2017-18, VCSU offered 136 unique online undergraduate courses (in 177 course sections) with an average class size of 15 taught by 36 full-time and 18 part-time faculty.

Two graduate degrees offer seven completely online programs: the Master of Arts in Teaching (MAT) program, and six concentrations in the Master of Arts in Education (M.Ed.): elementary education, English education, library and information technology, teaching and technology, teaching English language learners, and technology education. In the graduate school in 2017-18, VCSU offered 56 unique online graduate courses with an average class size of 12 taught by 22 full-time and 9 part-time faculty.

A number of undergraduate minor programs, and undergraduate and graduate certificate programs, are also offered online.

All told, a little more than 25 percent of VCSU's 2018 fall enrollment came exclusively in online courses. The breakdown includes 255 undergraduates (16 percent of the 1,547 total enrollment) and 141 graduate students (9 percent of total).

head" in her videos. "That's just a matter of personal preference," she says, "but I do add animations and humor to try to keep students engaged."

These days, an instructor or an institution could just go out and buy an online course, or a whole catalog of courses, for that matter. But that notion doesn't sit well with Burr. "Students choose Valley City State because they want a personal education," she says. "We hire faculty to develop face-to-face content to meet students' needs, and we want to develop our own content for online, too." At VCSU, students know their professors, their courses are not taught by TAs (teaching assistants), and in Burr's words, "They don't want to be taught by a publishing house."

It's not just the course content, either; it's also about reference material. Rather than using textbooks, Burr relies on OER (Open Educational Resources) and original writing for the majority of her courses. This saves her students money, and it allows her to come up with the mix of content that maintains student engagement.

"In online, you're still the content expert, but that's not the biggest battle," says Burr. "That comes in designing the course, making it fluid, sensible and consistent."

Although always challenging, Burr excels at this task. In 2014, she received national recognition from Blackboard, which recognized her and the Introduction to Physical Education course she designed and taught with its Catalyst Award for Exemplary Course, which recognizes "faculty and course designers...who develop exciting and innovative courses that represent the very best in technology and learning."

Another challenge for Burr as an online instructor involves the various technologies she puts to work in her courses: "If you're going to use it, you'd better know how to fix it," she says. "There's lots of self-reliance."

The feeling of always being on call for her students can be taxing to online instructors such as Burr. "I try to lay out some boundaries in terms of when I'm not available and when students can expect to hear back from me," she says, "but there's a notion that I'm always available when students leave a message or send an email. And I do want to help them succeed."

For the students, much of online learning is about flexibility: taking courses regardless of where they are geographically located, not having to worry about class offerings that clash because they're offered at the same time as something else they want or need, or being able to pick something up online when the complementary face-to-face offering doesn't fall in the semester sequence they need to stay on track.

Weighing the advantages against the challenges, Burr comes down firmly as an advocate for online teaching and learning. "I need to be ultra-prepared for everything, but at the same time, I can be more responsive, more nimble in regard to student needs," she says, "and the content is more accessible."

Burr still has work to do. She wants to make the content even more accessible, develop podcast lectures, and do more work with closed-captioning on video. None of it comes easy; in her words, "online is a lot of work."

But because Burr is committed to her teaching, committed to her students, she will continue to champion online and explore its capabilities because she sees it as a large part, and a very effective part, of the teaching and learning climate at VCSU. "I believe in the online environment," says Burr. "At VCSU, it's not just our history, our present, or our future—it's part of our culture. It's who we are."

VCSU ONLINE AND TECHNOLOGY TIMELINE

1990
State Board of Higher Education mandates VCSU play a statewide leadership role in the effective use of instructional technology

1993
- Center for Innovation and Instruction established on VCSU campus to support North Dakota educators at all levels
- VCSU faculty and staff form Committee for Innovation and Technology in Education to chart path

1995
Committee for Innovation and Technology in Education completes VCSU Technology Plan

1996
VCSU becomes a laptop campus, the second institution in the nation (and first in North Dakota) to issue laptops to students and faculty

1998
VCSU receives U.S. Department of Education Title III grant to develop a model online program in Technology Education and begin online education

2001
First students graduate from the online Technology Education program

2004
VCSU receives National Science Foundation grant to develop online Master of Education courses in Technology Education

2005
Online Master of Education degree (M.Ed.) approved by State Board of Higher Education for Teaching and Technology, and Technology Education concentrations

2007
- First students graduate from VCSU M.Ed. program
- Library and Information Technology concentration added to M.Ed. program

2008
VCSU enters MOU with National Center for Technological Literacy at Museum of Science, Boston, for collaboration in online STEM Education

2013
Elementary Education and English Education concentrations added to M.Ed. program

2016
Online Master of Arts in Teaching (MAT) program added to graduate offerings to help meet teacher licensure needs

2017
First students graduate from VCSU MAT program

Att 2 HB 1003 1/16/19



'You can call me Al'

LaFave selected as 14th president of VCSU

On Sept. 27, 2018, after a nationwide search over 6 months with 50 applicants, 12 distance interviews, campus visits by 5 candidates, and 2 finalist interviews, the North Dakota State Board of Higher Education selected Alan LaFave, D.M.A., as the next president of Valley City State University. Currently serving as provost and vice president for academic affairs at Northern State University in Aberdeen, S.D., LaFave will begin his VCSU presidency in mid-December. Here's a profile that tells us a little more about the man who will become our 14th president.

The Beginning

In his interview on campus, the down-to-earth Alan LaFave was quick to quote Paul Simon, letting everyone know "You can call me Al." That touch of humility perhaps springs from his small-town upbringing in Onida, S.D. (population 650 or so now, maybe 200 more than that when he was growing up there).

According to LaFave, family life in Onida definitely helped shape his values. He learned the notion of service by helping his parents—father Lonnie and his mother Irene (known to many as "Soogie")—with the family business, LaFave TV and Appliance. Outstanding service was what kept customers coming back, and responding to service calls, regardless of the time of day, helped keep the business afloat.

His father ran the place, and "All of us kids worked there, and Mom did the books and accounts receivable," recounts LaFave, the oldest of four children, who worked at the store from junior high through high school, along with some summers during college.

The Music Student and Teacher

College for Al was Northern State in Aberdeen, a few hours and change northeast of Onida. LaFave was recruited there by Lonn Sweet, dean of the Northern State School of Fine Arts and a renowned band director in the Midwest. Now an accomplished clarinetist, LaFave benefited from Sweet's mentorship and earned a bachelor's degree in instrumental and vocal music, aiming to be a band director. "After three years at Aberdeen Central High School in that role," says LaFave, "I was fortunate to be accepted into the highly respected master's program at Arizona State University."

Hearing a performance by Robert Spring, the Arizona State

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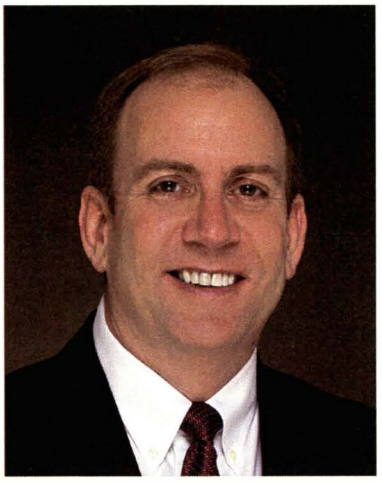

Alan D. LaFave, D.M.A.

Education

- D.M.A., Clarinet Performance, Arizona State University (ASU), Tempe, Arizona, 1998
- M.M., Clarinet Performance, ASU, 1989
- B.M.E., Instrumental/Vocal Music, Northern State College, Aberdeen, South Dakota, 1985

Administrative Experience

- Provost, Vice President for Academic Affairs, Northern State University (NSU), Aberdeen, South Dakota (2015–present)
- Dean, School of Fine Arts, NSU (2000–15)
- Interim Dean, Graduate and Extended Studies, NSU (2002–03)
- Associate Dean, School of Fine Arts, NSU (1997–2000)
- Department Chair, Music, NSU (1994–97)

Teaching Experience

- Instructor, Assistant Professor, Associate Professor, Professor of Music, NSU (1991–2015)
- Instructor of Music, Augustana College, Sioux Falls, S.D. (1990–91)
- Instructor of Music, Grand Canyon University, Phoenix, Ariz. (1989–90)
- Graduate Teaching Assistant, Arizona State University, Tempe, Ariz. (1989–90)
- Director of Bands, Aberdeen Central High School, Aberdeen, S.D. (1985–88)

faculty member considered among the world's preeminent clarinetists and clarinet teachers, inspired LaFave to pursue a performance degree, in fact, two degrees—both a master's and a doctorate in clarinet performance. But it took two auditions with Spring—the first a lesson and an assessment of LaFave's clarinet ability, and the second a week later when he had practiced enough to address "the laundry list of items" that Spring had noted in the first—before he was accepted into the program.

LaFave's move from high school music director to graduate student to college instructor took him from South Dakota to Arizona and ultimately back home to Northern State and Aberdeen, where he joined the faculty at his alma mater in 1991 and worked his way up through the ranks as instructor, assistant professor and professor of music—teaching, recruiting, directing bands (and managing their travel), and establishing a clarinet studio.

University Administrator

LaFave loves playing music—he continues to practice and perform on the clarinet, playing his favorite jazz swing and the solo literature from the classical and romantic eras—but he also became a highly effective administrator along the way. For that, he respectfully recognizes his mentors.

"Mr. Sweet and Dr. Spring provided the inspiration for me to always do my best and, no matter what, make a positive contribution to the ensemble, school or organization," explains LaFave. "As I moved through my career in higher education, several opportunities for advancement presented themselves to me, and it was a very natural progression and transition from teaching—especially as it relates to ensemble and departmental leadership—into administration. I've always wanted to 'make a difference' and felt that administration would provide those opportunities."

Those opportunities for advancement in administration came in an upward trajectory as Northern's music department chair (1994–97), associate dean of the School of Fine Arts (1997–2000), and dean of the School of Fine Arts (2000–15). In 2015, LaFave left his formal music teaching role behind with his appointment as provost and vice president for academic affairs at Northern State.

As provost, the chief academic officer, LaFave oversees the council of deans and provides leadership in a host of areas that impact academic quality and student success, including, but not limited to, enrollment, recruitment, retention, general education, curriculum, online courses and programs, the honors program, international programs, budgets, program productivity review, facilities, scheduling, and, of course, faculty and all the considerations thereto, including workload and evaluation.

His career path and those responsibilities have helped LaFave develop the values and skill set to take the next step in his career in higher education—the VCSU presidency. "I am strongly committed to student success, achievement, retention and access," he says. "I have a deep appreciation for students and faculty, and sincerely enjoy working collaboratively with colleagues. I also believe I can continue to enhance the important relationship between the university, community, alumni and stakeholders."

LaFave is proud of his work at Northern and his role in the university's success; he believes "that Northern is a better and stronger institution than when I began in 1991." But he's quick to add, "This has been a team effort. I've had the opportunity to work with many outstanding faculty, staff and administrators over the years who continue to uphold quality as paramount to success."

Some of his most satisfying contributions have come in the field of fine arts, of course. "The visibility and reputation of the fine arts at Northern is among the strongest in the region," says LaFave, "and my work with helping realize the completion of the $14 million renovation and addition to the Johnson Fine Arts Center was very gratifying."

Family

For most of his journey, the 56-year-old LaFave has been accompanied by Kari, his wife and partner for more than three decades. Kari and Al met in marching band at Northern State, and the couple married in 1985. She holds a bachelor's degree in business with an accounting emphasis and has worked for the Great Lakes Higher Education Corp., a student loan guarantee agency, for the past 25 years.

The LaFaves have two daughters, Lexi and Ashley. A senior at Aberdeen Central High School, Lexi is a middle hitter on the Golden Eagles volleyball team and is also active in choir.

Her older sister Ashley, a Northern graduate with a degree in elementary education, also shares a passion for volleyball; she's the co-head coach at Kindred (N.D.) High School, where she's also assistant girls basketball coach. Ashley and her husband, Logan Fahnhorst, live in Fargo. Logan, a CPA, works as a senior audit associate with Eide Bailly, and Ashley commutes to Kindred, where she teaches first grade in the elementary school in addition to her coaching responsibilities.

Relaxation

Kari and Al spend much of their time supporting their daughters, attending concerts, games and tournaments. When Kari gets a chance, she also enjoys genealogy, crafting and planting mums.

Al continues to pursue his passion for music, guest conducting and adjudicating when the occasion arises, and performing a few times a year. "I performed 'The Shepherd on the Rock,' a Schubert trio for soprano, clarinet and piano, as part of Northern's faculty potpourri recital this fall," he says, "and I still perform at almost every Jazz Swing Dance, trying my best to impersonate Benny Goodman, Artie Shaw and Woody Herman." He also plays saxophone "and even some tuba!"

Along with his brother, Al used to ride enduro motorbikes on the hills and in the ditches around home in Onida, and his teenage passion for motorcycles has been rekindled recently. "My work with the Rushmore Music Camp coincides exactly with the Sturgis rally in the Black Hills, so I've become enthralled by the beautiful Harley-Davidson bikes. Several of my good friends ride, and they helped ignite and support the interest. I purchased my first Harley last spring and have put many miles on it. I really enjoy the fresh air and solitude of riding!"

LaFave also enjoys golf but given that he only gets out a few times a year, he admits his play is "nothing to write home about." Although he enjoys flying and has made good progress toward a private pilot license, that will get put on hold for a while until he has time to finish.

A Northern State Wolves supporter and a sports fan in general, it won't be a tough switch for LaFave to start cheering for the VCSU Vikings; he's already a fan of both the Minnesota and Kindred Vikings, and along with Kari and Ashley, he caught the VCSU homecoming victory over Waldorf this October.

The VCSU Presidency

Since the announcement of LaFave's selection as VCSU president, he's received numerous emails and notes of congratulations. "The campus and community have been extremely welcoming, and that is so appreciated," says LaFave. He'll start the new job on Dec. 17.

Working with the leadership team, LaFave





(above)This holiday family shot includes son-in law Logan Fahnhorst, his wife Ashley Fahnhorst (nee LaFave), Kari, Al, and Lexi. Ashley and Logan live in Fargo.

(left) The LaFaves are a volleyball family, and here's a photo taken at daughter Lexi's Senior Night at Aberdeen Central on Oct. 30. From left to right, it's Kari, Al, Lexi, and Ashley.

(opposite page) Al LaFave rode motorbikes in his youth with his brother, but now his taste in bikes has moved to Harley road machines. This photo shows Al with his old bike; he has since upgraded to a cardinal-red Harley to better fit in at VCSU!

plans to continue the university's focus on student success and quality programs, while increasing retention rates and maintaining the institution's very positive reputation. "I look forward to working with campus and community constituents to increase scholarship opportunities to help make degree attainment more affordable," he says. "I understand the important relationship VCSU and the entire Valley City region enjoy, and I hope to enhance that relationship by looking at ways we can work together to make the region stronger, educationally and economically."

In her Sept. 24 column, VCSU Interim President Margaret Dahlberg wrote about the presidential search and the comments from the pool of five semi-finalist candidates, including LaFave, who visited campus the week of Sept. 10. She heard the candidates validate the university's strengths: our engaged students, an upbeat campus culture, a collaborative and innovative spirit, and a solid financial position, among others.

"At VCSU, we are learning-centered, innovative, student-focused, collaborative, and engaged," wrote Dahlberg. "These are our core values, the qualities we attempt to embody in daily work, planning, and decision-making. It's reassuring to know that the outside perspectives from these presidential candidates indicate that we are both 'talking the talk and walking the walk' in keeping our focus on the success of our students and our university."

"Walking the walk" for LaFave will mean following the path set in the last four decades by his VCSU presidential predecessors Charles House, Ellen Chaffee, Steve Shirley, and Tisa Mason, along with Dahlberg, who's carried the university through two stints as interim.

That group has set the bar high, and now we welcome Al LaFave, and his family, as he leads us into our next chapter.



(right) An accomplished clarinetist, Alan LaFave still finds time to practice and relishes the opportunity to perform. Here he's pictured at a recital at Arizona State University, where he earned his master's and doctorate in clarinet performance.

(below) The LaFaves are already cheering on the VSCU Vikings! Al, wife Kari and daughter Ashley attended the Viking Homecoming victory over Waldorf Oct. 13, where they met up with Jill DeVries (left), VCSU athletic director.



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VALLEY CITY STATE UNIVERSITY

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Engage, Innovate, Succeed: Strategic Plan 2017–22

1. GROWTH: Grow the university to meet the needs of North Dakota and beyond.

This goal includes strategies for marketing, strategic student recruitment, retention and persistence, and program development to increase opportunities for growth.

1.1 *Marketing:* Focus marketing activity to increase VCSU's accessibility/interest to potential students and shape external recognition and support of VCSU.

1.2 *Strategic Enrollment Planning:* Use the Strategic Enrollment Planning process to involve key university department and stakeholders in planning university growth through student recruitment and program optimization.

1.3 *Retention and Completion:* Implement engagement strategies to increase student retention and completion.

2. QUALITY AND ENGAGEMENT: Provide distinctive learning opportunities.

This goal focuses on promoting high-impact teaching and learning practices that promote academic and cocurricular student success; supporting continued growth through professional development for faculty and staff; and utilizing resources that foster supportive learning environments for all.

2.1 *Engaging, High-Impact Practices:* Increase the educational quality and impact of our academic and cocurricular programs through research and application of best practices in teaching and learning, in partnership with private-sector employers and public entities in target job markets.

2.2 *Professional Development:* Provide opportunities and support for faculty and staff to improve student engagement and program quality.

2.3 *Resources:* Improve and support curricular, assessment, facility, and technology resources to increase the quality of teaching and learning experiences.

3. STUDENT EXPERIENCE: Implement cocurricular experiences to positively impact the learning and growth of students.

This goal speaks to the breadth of experiences students have on campus, online, and in their communities, and to the importance of delivering quality student experiences, including student life, access to services, financial support, work experiences, and campus interactions.

3.1 *Access:* Ensure students have access to the resources, activities, and opportunities for meaningful student experiences at VCSU.

3.2 *Student Engagement:* Promote involvement through service learning, athletics, cocurricular programs, student employment, community building, and career development.

3.3 *Environment:* Ensure university environments are safe, accessible, and intentionally designed to maximize student learning and experiences.

4. OPTIMIZATION: Increase efficiencies through innovation, collaboration, streamlining, and reallocation.

This goal includes strategies for strengthening collaboration with stakeholders, streamlining services and implementing innovative solutions, and strategically allocating resources to provide the highest quality VCSU experience.

4.1 *Efficiency:* Eliminate duplication and ineffective practices

4.2 *Streamlining and Reallocation:* Develop long-term strategies to help inform and prioritize budget decisions; explore additional cost-saving measures; and work with partners across the state to reduce costs and increase student access.

4.3 *Innovative Solutions:* Implement new processes, systems, and services to improve the VCSU experience.

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1/16/19

TESTIMONY ON HB1003
HOUSE APPROPRIATIONS EDUCATION AND ENVIRONMENT SUBCOMMITTEE
Wednesday, Jan. 16, 2019
By: Kirsten Baesler, Superintendent of Public Instruction
701-328-4570
North Dakota Department of Public Instruction

Good afternoon, Chairman Monson and members of the House Appropriation Committee's Education and Environment subcommittee. My name is Kirsten Baesler. You know me primarily as the North Dakota superintendent of public instruction. But, today I am here to speak to you as the recipient of the 2018 Valley City Distinguished Alumnus Award.

I am here to speak in support of the appropriation for Valley City State University that is included in House Bill 1003.

I don't often do this because Valley City State and our North Dakota university system in general do an excellent job of educating students, but my message for you today is personal.

As I said, I am an alumna of Valley City State University. I earned my professional library credential at Valley City State and I have a master's degree in education and library information technology from VCSU.

I am here to give you the perspective of a former student who will always be grateful for the quality of instruction and the level of innovation that is available at Valley City State.

I am so thankful for the committed educators who make up the faculty and for the work they do to help their students succeed.

Valley City State University has been invaluable in helping me along my path of service and helping achieve the things I have. Without the education I received at Valley City State and the way in which they chose to explore the delivery of it, I could not have been the North Dakota state superintendent today.

Mr. Chairman and members of the committee, I took summer classes at Valley City State to earn a library media credential. The credential prepared me for the opportunity to be hired in the Bismarck public schools as a full time teacher.

It started me on a 24-year career in the Bismarck school system. During my time there I was a classroom teacher, a library media specialist, a technology integration specialist, and an assistant principal.

After my first experience at VCSU, I went on to be part of Valley City State's first online master's degree group in education and information technology.

It was at a time I knew I needed to advance my education, but I had a career and family responsibilities. I was a nontraditional student. I was living in Mandan. I was raising my three young boys. How could I possibly do this?

At that point of time, VSCU was exploring the idea of creating its first ever online master's degree in Education. I jumped at the chance to be part of the first cohort of graduates.

I wasn't the only older-than-average student who had a family. My classmates had similar challenges. It was hard.

There were times I would wonder why I was continuing my education. Then I would think of the VCSU staff and faculty who were so committed to assisting me and my classmates to help us reach our goals. I felt I couldn't let them down!

My master's degree in education and information technology gave me the knowledge, the vision, and the confidence to continue my career. It gave me the credibility with a graduate degree necessary to run for statewide office in education. VSCU prepared me to be a leader.

I'll never forget that, and I am forever grateful. In my current role, I often tell young people, "Luck is where preparation meets opportunity."

Valley City State gave me the necessary preparation. It reaches out to bring knowledge to students on campus and across North Dakota! It strives to use technology and to be flexible in meeting the needs of today's students. VCSU was being innovative before the word was cool!

Valley City State prepares young people for success in life. There is no greater work than that.

Mr. Chairman and members of the committee I know your work is hard and tough budget decisions must be made. As you work through the tough questions, I

just ask that you remember the variety of students and their circumstances who will be looking to earn a higher education degree in North Dakota.

Thank you for taking your valuable time to listen to me today. I would welcome any questions you have.

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Mayville State University

2019 BEST COLLEGES IN THE MIDWEST - U.S. NEWS & WORLD REPORT

2018 BEST ONLINE BACHELOR'S PROGRAMS - U.S. NEWS & WORLD REPORT

#6 MOST AFFORDABLE ONLINE BACHELOR'S IN EARLY CHILDHOOD EDUCATION DEGREES - COLLEGE CHOICE

#6 MOST AFFORDABLE ONLINE MATH EDUCATION DEGREES - COLLEGE CHOICE

#7 IN BACHELOR'S DEGREE IN NURSING ONLINE - ONLINEDEGREES.COM

#113 OF 500 IN LIMITING THE AMOUNT OF STUDENT LOAN DEBT TAKEN - LEND EDU



66TH LEGISLATIVE ASSEMBLY

HOUSE APPROPRIATIONS COMMITTEE

EDUCATION AND ENVIRONMENT DIVISION HEARING

WEDNESDAY, JANUARY 16, 2019

DR. BRIAN VAN HORN, PRESIDENT &

MS. JAMI HOVET, VICE PRESIDENT FOR BUSINESS AFFAIRS

Mission

Mayville State University is dedicated to excellence in teaching, service, and scholarship in dynamic, inclusive and supportive learning environments that are individually focused. We offer quality undergraduate and master's programs enriched with practical experiences to prepare all learners for a global economy.

Approved by the State Board of Higher Education November, 2016

Purposes

- To provide academic programs and services that address contemporary career and workforce opportunities.
- To maintain collaborative relationships with schools, employers, and communities which contribute to the economic growth and social vitality of North Dakota.
- To deliver flexible programs, instruction, and student services to meet the needs of the individual.
- To cultivate an environment that supports creativity, intellectual curiosity, lifelong learning, service, and an appreciation of diversity.

Core Values: Our Dedication to Personal Service

Mayville State University, since its beginning in 1889, has embraced the philosophy of personal service, the foundation of our core values. These values guide how we perform our work and conduct ourselves every day with all of our stakeholders.

- We act with integrity in all we do.
- We are student-focused.
- We are committed to teaching and learning excellence.
- We promote and value an open and diverse community.
- We integrate leadership in all we do.

Strategic Goals

- Increase the number of students who make timely academic progression and attain degree completion.
- Focus on strengthening the quality of instruction across all modes of course delivery.
- Provide faculty with the tools and resources for success to create a culture that supports quality instruction.
- Strategically increase options for course offerings in programs.
- Support and reward innovation that results in new relationships, research, academic programs, enrollments, and learning experiences.
- Foster commitment to personal service across campus.

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I love the small classroom feel and comfort. The transition from high school to college was more manageable on this scale. I'm a biology major, and I play baseball. I've found an unbreakable team bond and lifelong friends here.

-Brady Nygard



The small classes mean you develop better relationships with your program people. It doesn't matter where you came from. When you're at Mayville, you belong here.

-Ashlee Nelson



I chose MSU because of its rich history in education. MSU creates great teachers, plain and simple. My teachers support my dreams, they can see what goes on in my education, and they take an active role in my success.

-Erin Rector



Mayville is special because I will feel fulfilled when I graduate and leave campus for the last time.

-Stephany Wold



77+ majors, minors, and pre-professional programs

BIOLOGY
- Biology B.S.
- Biology/Biology Education Minor
- Composite in Biology Education B.S.Ed.
- Medical Laboratory Science B.S.

BUSINESS
- Business Administration B.S.
- Business Administration B.A.S.
- Business Management A.A.
- Accounting Minor
- Business Administration Minor

CHEMISTRY
- Chemistry B.S.
- Chemistry/Chemistry Education Minor
- Composite in Chemistry Education B.S.Ed.

COMMUNICATION
- Communication B.A.
- Communication Minor

EARLY CHILDHOOD
- Early Childhood A.A.
- Early Childhood B.A.
- Early Childhood Education B.S.Ed.
- Early Childhood Education Minor

EDUCATION
- Elementary Education B.S.Ed.
- Kindergarten Endorsement
- Major Equivalency Endorsement for Middle Level Teachers Grades Five Through Eight
- Middle School Endorsement
- Secondary Professional Education
- Special Education B.S.Ed.
- Special Needs Minor

ENGLISH
- English B.A.
- English Education B.S.Ed.
- English/English Education Minor

GEOGRAPHY
- Geography Education Minor

GRADUATE STUDIES
- Master of Arts in Teaching M.A.T.
- Graduate Certificate in Online Digital Teaching

HEALTH, PHYSICAL EDUCATION AND RECREATION
- Coaching Minor
- Developmental Adapted Physical Education (DAPE) Minor

HPER cont'd.
- Emergency Response Certificate of Completion
- Fitness and Wellness B.S.
- Fitness and Wellness Minor
- Health B.S.
- Health Education B.S.Ed.
- Health/Health Education Minor
- Physical Education B.S.Ed.
- Physical Education Minor
- Sport Management B.S.
- Sport Management Minor

HISTORY
- History Education B.S.Ed.
- History/History Education Minor

HUMANITIES
- University Studies
- Music Education Minor
- Theatre

LIBRARY MEDIA AND INFORMATION SCIENCE
- Library Media and Information Science Minor

MATHEMATICS
- Mathematics B.S.
- Mathematics Education B.S.Ed.
- Mathematics/Mathematics Education Minor

NURSING
- Nursing (RN-to-BSN) B.S.N.

PRE-PROFESSIONAL PROGRAMS

PSYCHOLOGY
- Applied Psychology B.A.
- Psychology Minor
- Psychology Education Minor

SCIENCE
- General Science Minor
- Physical Science Minor
- Science for the Elementary Teacher Minor

SOCIAL SCIENCE
- Composite in Social Science Education B.S.Ed.
- Economics
- Political Science
- Social Science/Social Science Education Minor
- Social Science B.A.
- Sociology Minor

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Progress and Efforts to Serve North Dakota

63% of fall 2018 students are North Dakota residents.

365 degree-seekers are completing their programs through online/distance delivery.

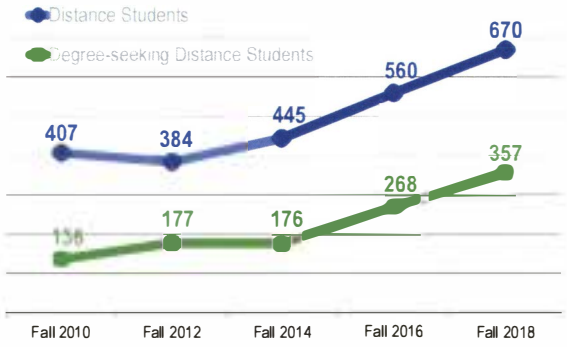
72% of our graduates find employment in the state and contribute socially and economically to North Dakota's way of life.

STUDENT OUTCOMES

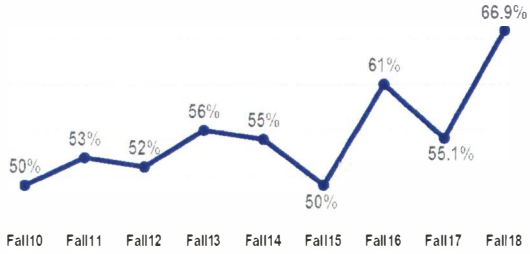
All-time enrollment record for 7th year!

	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016	Fall 2017	Fall 2018	% Increase since 2010
Headcount	1020	1065	1081	1110	1130	1140	1184	16%
Full-Time	614	587	635	638	613	602	613	9%
FTE	761.2	748	798	795	781	784	817	11.5%
Freshmen	156	134	174	137	138	131	139	3.7%
Transfer Students	123	98	105	133	138	180	151	91.5%
Distance Degree Seekers	177	201	176	236	268	317	365	133%

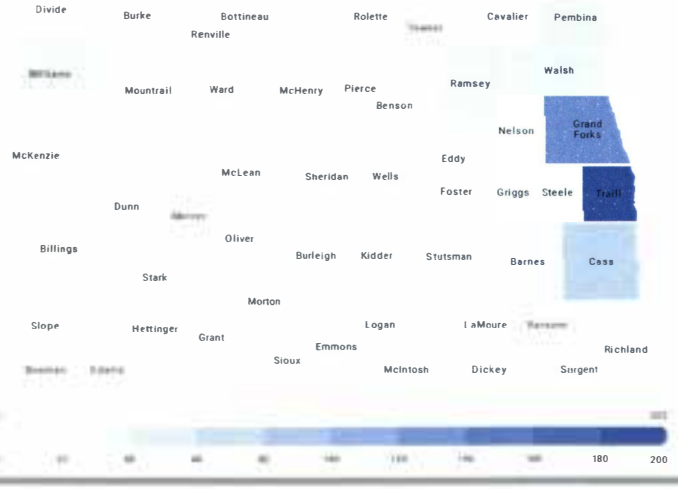
Online and Distance Degree programs



Retention rates reach record high



Fall 2018 North Dakota Students



Completers

42.3% of students who start at Mayville State complete their degrees at Mayville State.

14.3% of students transferred out from Mayville State and graduated from another instituion.

Composite of first-time, full-time, transfer, and part-time students completing a degree within 150% of "normal time" for completing the program in which they are enrolled.

Graduation Success Rates

97.8% MSU graduates employed or continuing their education.

97.3% Teacher Education grads employed or continuing their education.

98.7% Non-teaching grads employed or continuing their education.

71.2% Teacher Education grads employed in North Dakota or continuing education.

75.2% Non-teaching grads grads employed in North Dakota or continuing education.

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New Innovative Initiatives to Address Critical Workforce Needs



Nursing shortage

Bachelor of Science in Nursing (BSN)

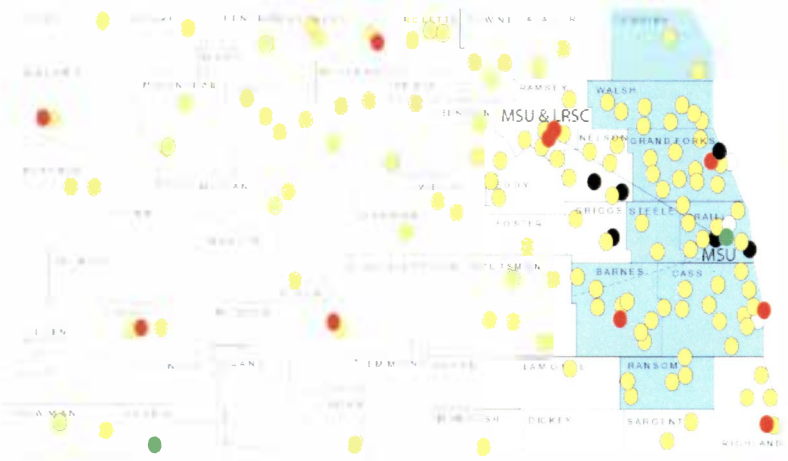
- Online accelerated program
- Courses are offered in 5-week blocks
- Serves full-time nurses who work
- Complete program in 12 months

Partnership with the Dakota Nursing Program (LRSC, DCB, WSC, BSC) and NDSCS to prepare nurses for rural communities. The medical laboratory science degree is carried out in collaboration with UND School of Medicine.

Collaborate with six medical facilities for the RN-to-BSN Nursing Program.

Shared Services • Collaborative Programs • Efficiencies

NORTH DAKOTA WORKFORCE DEVELOPMENT EFFORTS



Collaboration with NDUS Institutions to deliver BS Business Administration and BSEd Elementary Education to LRSC, DCB, CCCC, NDSCS, and WSC.

Distance Degrees Distance, IVN, and online offered throughout the nation and worldwide.

ND Area Health Education Centers
East AHEC located in Mayville. West AHEC located in Hettinger.

Child Development Programs with seven locations across the eastern half of the state.



Heart of the Valley ITV Consortium
22 high schools from eight counties: Traill, Steele, Barnes, Cass, Ransom, Grand Forks, Walsh, and Pembina.

Red River Valley Ed. Cooperative
21 high schools from five counties: Traill, Steele, Walsh, Grand Forks, and Pembina.

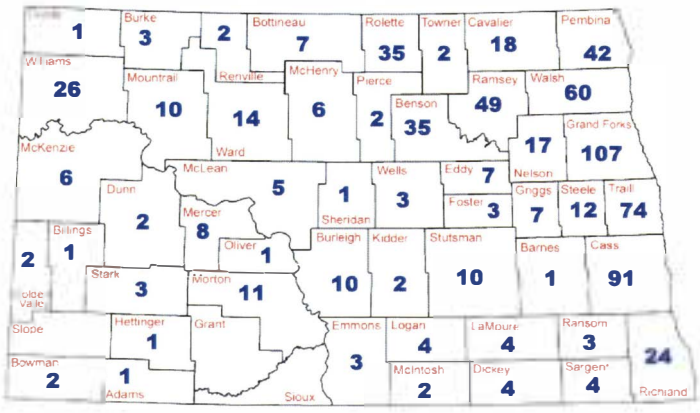
Shared Services across NDUS

CTS: Blackboard/Moodle learning management system, IPEDS support, loan processing, system email services, Microsoft campus agreement, digitizing academic records, Smart Catalog.

NDSU: Research support, EPSCoR ND research, Institutional Review Board (IRB), Institutional Animal Care and Usage Committee (IACUC).

UND: Payroll & benefits, telephone system, coal purchases, NIH INBRE, NASA EPSCoR research.

Nearly 800 graduates teach in ND



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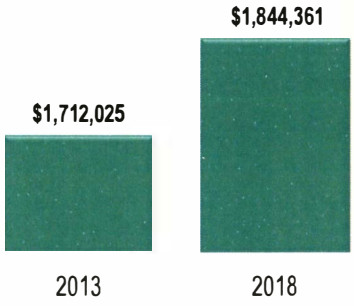
FINANCIAL RESPONSIBILITY

27.4%

of MSU's revenue comes from Grants/Contracts, the highest percentage of grant funding across all NDUS institutions. MSU tops the national average of 13.3%*.

* U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS).

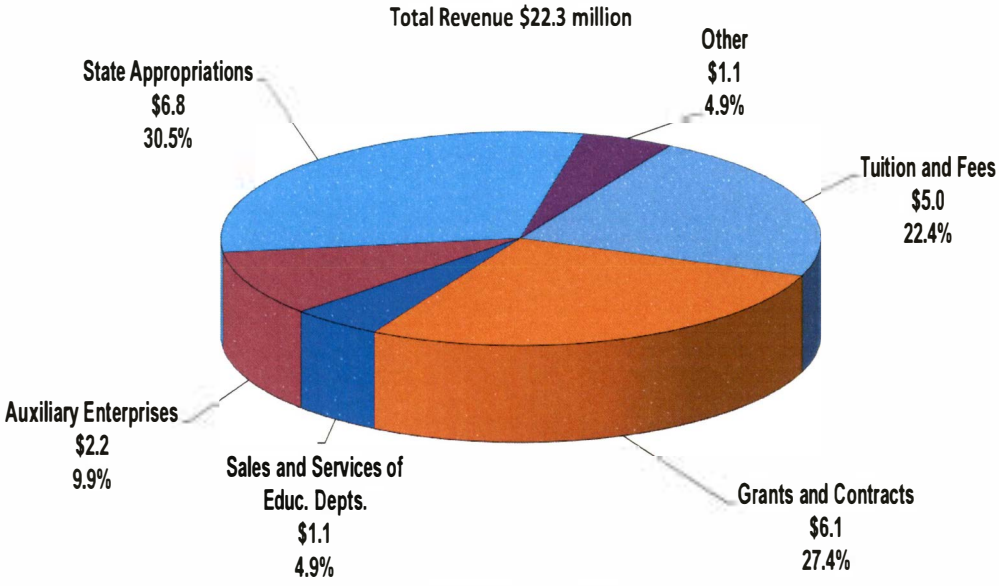
Appropriated Reserves



Mayville State University Total Revenue, Excluding Capital Fiscal Year 2018

($ in millions)

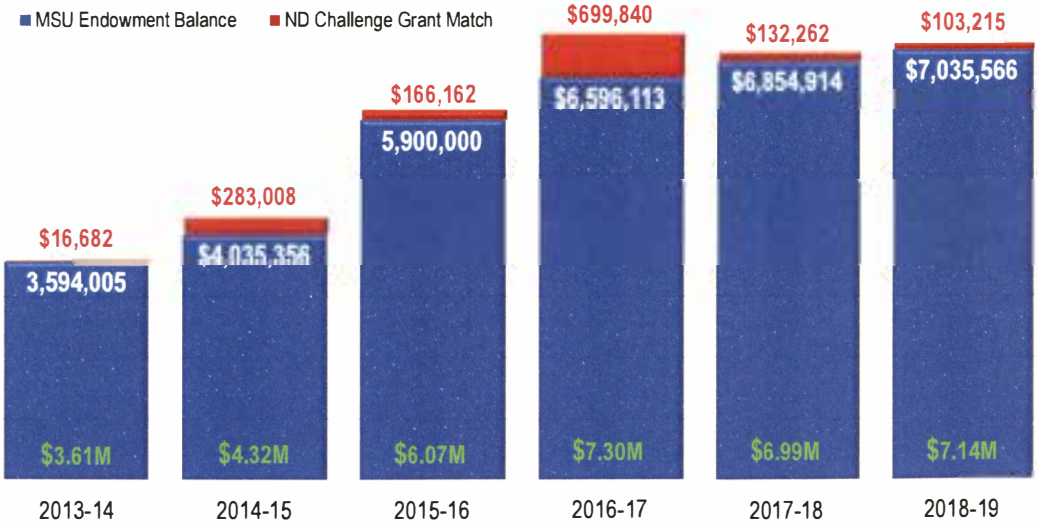
Total Revenue $22.3 million



MAYVILLE STATE FOUNDATION

Investing in futures

95.8% Increase in Endowment Balance over past six years



Growth in annual and endowed gifts to Mayville State enhanced with matching Challenge Grant funds from the State of North Dakota.

ECONOMIC IMPACT

Mayville State University and its students have a significant economic impact on Mayville-Portland, Traill County, and the State of North Dakota. The statistics below summarize expenditures and related economic and jobs impact as reported in the recent NDUS report entitled Economic Impact of the North Dakota University System in 2017.

- Expenditures by Mayville State University were $9.4 million in FY1999 and $22.8 million in FY2017.
- Total economic contribution was estimated at $28.4 million in FY1999 and $69 million in FY2017.
- Personal income increased from $11.3 million in FY1999 to $28.5 million in FY2017 or by 151.4%.

141.9% increase in total economic contribution from 1999 to 2017.

- Increased retail trade activity was estimated to be $6.8 million in FY1999 to $16.3 million in FY2017.
- Tax collections generated by Mayville State University in FY2017 included $1.4 million in retail sales, $395,000 in personal income, $228,000 in corporate income, and $185,000 in miscellaneous revenues.
- Levels of business activity resulting from Mayville State University expenditures would support 143 secondary (indirect and induced) jobs in 2017, these jobs are in addition to the 290 positions (excluding student jobs) at Mayville State University in 2017.
- Direct impacts of student spending in Mayville area were $8.1 million in FY2017. The total economic contribution was $20 million. Student spending was estimated to generate an additional $419,000 in sales and use tax revenue and $73,000 in personal income tax collections. This level of student spending would create enough business activity to support nearly 28 (indirect and induced) jobs.

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MAYVILLE STATE UNIVERSITY LEGISLATIVE COUNCIL REPORTING

2019-21 Appropriation Funding Request

Any financial audit findings from most recent audit and action taken to address findings.

No prior or new findings in the State Auditor's audit reports for FY2017 or FY2018.

Major components making up the "base level."

Base level funding totals $16,246,440 made up of two components:

- Operations = $15,819,800
- Capital Assets = $426,640

Overview of cuts made to balance the budget since FY2015-17 Biennium (Total = $2,782,848)

- FTE Reductions: ($2,060,798)
  - Early Retirement/Separation = 5.00
  - Reduction in Force = 3.00
  - Vacant Positions = 2.33

  Total = 10.33
    - Faculty = 7.00
    - Non-Faculty (including shared services) = 3.33
- Operating reductions were across the board at department/division levels, as well as reduced utility budgets realized from newer and more efficient facilities. ($350,539)
- Programs – two programs discontinued due to low enrollment (Computer Information Systems and Geography)
- Extraordinary Repairs/Capital Asset turn-back ($371,511)

Total FTE at Mayville State University = 171.16

Any known or potential changes in the level of federal funding.

U.S. Department of Education has awarded Mayville State University a $2,249,009 Strengthening Institutions Program (SIP) grant. The grant will be distributed over five years and was available as of October 1, 2018. The purpose of the program is to help institutions of higher education to become self-sufficient and expand their capacity to serve students by providing funds to improve and strengthen academic quality, institutional management, as well as to increase graduation and retention rates and fiscal stability of eligible institutions.

GRANT ACTIVITY 1: Establish a system of faculty support for improving pedagogical practices for teaching underprepared students and students with diverse needs.

GRANT ACTIVITY 2: Centralize data collection, management, and reporting to become an integral and systematic function of the institution across divisions and departments for systematic planning.

GRANT ACTIVITY 3: Establish a cohesive advising and student success model that coincides with academics, student life, and student supports.

MAYVILLE STATE UNIVERSITY LEGISLATIVE COUNCIL REPORTING

2019-21 Appropriation Funding Request

2019-21 budget changes recommended by the governor to the "base level" identifying each increase or decrease with explanations or justification for each change.

Comparison of General and Special Funds Budget Request to Executive Recommendation

GENERAL FUND

	2017-19 Appropriation	2019-21 "Needs Based" Budget Request	Executive Recommendation	Executive Recommendation Over (Under) Budget Request	Justification
Campus Operations	$ 13,291,142	14,524,784	$ 14,524,784	$ -	
One-time & Carryover Funds	275,179	(275,179)	(275,179)	-	
Base General Fund Appropriation(HB1003)	**$ 13,566,321**	**$ 14,249,605**	**$ 14,249,605**	**$ -**	
4% / 4% Salary Increases (4% / 2% Salary Increases)	-	553,183	580,594	27,411	Offset w/ Special Fund Decrease
2019-21 Health insurance increases	191,804	-	213,093	213,093	Not Originally Requested
Funding Formula	766,659	1,443,652	658,990	(784,662)	5% reduction (4.4% incr in tuition)
Total Adjustments	**$ 958,463**	**$ 1,996,835**	**$ 1,452,677**	**$ (544,158)**	
Total General Fund Authority	**$ 14,524,784**	**$ 16,246,440**	**$ 15,702,282**	**$ (544,158)**	Hinders New Academic Offerings

SPECIAL FUNDS

	2017-19 Budget	2019-21 "Needs Based" Budget Request	Executive Recommendation	Executive Recommendation Over (Under) Budget Request	Justification
Campus Operations	$ 31,031,509	$ 31,031,509	$ 31,031,509	$ -	
One-time & Carryover Funds	-	(724,361)	(724,361)	-	Turnback
Special Funds Base Budget (HB1003)	**$ 31,031,509**	**$ 30,307,148**	**$ 30,307,148**	**$ -**	
4% / 4% Salary Increases (4% / 2% Salary Increases)	-	763,814	679,250	(84,564)	Decrease in Yr 2 by 2%
Base Payroll adjustments	-	69,194	69,194	-	
Health insurance increases	-	-	523,820	523,820	Not Originally Requested
Special assessments	72,467	67,648	67,648	-	
Total Adjustments	**$ 72,467**	**$ 900,656**	**$ 1,339,912**	**$ 439,256**	
Total Special Fund Authority	**$ 31,103,976**	**$ 31,207,804**	**$ 31,647,060**	**$ 439,256**	Due to Health Insurance Funding
Total All Funds	**$ 45,628,760**	**$ 47,454,244**	**$ 47,349,342**	**$ (104,902)**	Limits Campus Growth Opportunities

OPTIONAL REQUESTS

	2019-21 "Needs Based" Budget Request	Executive Recommendation	Executive Recommendation Over (Under) Budget Request	Justification
SB2003 Task Force-College & Career Development Coordinator	121,500	-	(121,500)	Limits Town & Gown Relationship
Academic, Technology, Infrastructure Campus Needs	1,000,000	-	(100,000)	Increase Maint/Liability Concerns
Deferred Maintenance/Life Safety	400,000	-	(400,000)	Innovation Classrooms
Total Requests	**$ 1,400,000**	**$ -**	(1,400,000.00)	

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I chose MSU because it's small. I wanted to feel a sense of belonging among my friends, students, and professors. And, I do. I get that kind of attention here. Everyone knows each other. Everyone helps each other. At this campus ... everyone is close.

-Maddie Gallardo Irias



I learned a lot about chemistry and biology by participating in a research project. It was interesting to work on an alternative way to help people who have diabetes. Having this background will help me as I continue to study medicine. For Mayville State, it shows we're doing our part in research and the advancement of science. We're a little school, but doing big things.

-Creighton Pfau



Mayville State is 'The School of Personal Service,' and I wanted to entrust my education to a place that would also invest in me and help me grow as an individual and future educator. Mayville State University has given me so much. I feel I am well-prepared to become an elementary educator. I have had many chances to participate in field classroom observations; and interact and teach in different settings, schools, and classrooms. All of these experiences have helped prepare me for student teaching. Mayville State University has given me encouraging mentors, lifelong friendships, and endless memories. I am incredibly thankful for my experiences at Mayville State.

-Miranda Petersen



I was able to continue working full time at Altru Health while I attended school and I appreciated the fact that the majority of the nursing courses were in five-week blocks. It never felt like it was an online program, as the instructors always made sure they were available for assistance. I am extremely grateful for the guidance that was provided every time I hit a road block with an assignment. Faculty were understanding when unexpected life challenges came my way.

-Lynette Huot



I feel like small class sizes have allowed me to have strong personal relationships with both professors and my classmates. This has led to oportunities and the attention that I need to feel prepared to go into the workplace. On a larger campus I feel that I would get lost in the mix and not have the close connections I've developed with faculty and staff at Mayville State.

-Kaitlyn Kuntz

Mayville State Accolades and Rankings

- 2019 Best Colleges in the Midwest - U.S. News & World Report
- 2017-2018 Champions of Character Five-Star Institution - NAIA
- 2018 Best Online Bachelor's Programs - U.S. News & World Report
- 2018 #6 Most Affordable Online Bachelor's in Early Childhood Education Degrees - College Choice
- 2018 #6 Most Affordable Online Math Education Degrees - College Choice
- 2018 #7 Best Schools to earn an Online Bachelor's Degree in Nursing - OnlineDegrees.com
- 2018 #113 of 500 of U.S. colleges and universities limiting the amount of student loan debt taken on by the parents of students - Lend.edu
- 2018 #124 Colleges with the Lowest Student Loan Debt - Parents Report
- 2018 Top Baccalaureate Colleges - The Washington Monthly
- 2019 Best Regional Colleges and Best 384 Colleges - The Princeton Review
- 2018 #1 Best Online Math Education Degrees - College Choice
- 2017 Best Online Bachelor's in Education - BestColleges.com
- 2017 Best Online Colleges in North Dakota - College Choice
- 2017 Top Public Schools - Regional Colleges - Midwest for 2018 - U.S. News & World Report
- 2017 #18 Top Online Bachelor's in Early Childhood Education - TheBestColleges.org
- 2017-2018 Best Colleges in North Dakota - College Consensus
- 2018 Most Affordable Online Colleges for Associate Management - SR Education Group
- 2017 The 10 Most Valuable Online Colleges 2017 - The Knowledge Review Magazine
- 2018 Hidden Gems. Factors including the number of applications received, graduation rates, campus diversity, endowment per student, selectivity, and other markers were taken into consideration - College Raptor
- 2017 Most Affordable Online Bachelor's in Education Degree Programs - Early-Childhood-Education-Degrees.com
- 2017 One of the top 25 online military-friendly universities in the nation - OnlineCourtReport.com
- 2018 Best Regional College - The Princeton Review
- 2017 Third Top Hybrid/Online Teaching Programs - TeacherCertificateDegrees.com
- 2017 #8 B.S.Ed. in Early Childhood Education program for affordable early childhood education bachelor's degrees online - AffordableColleges.com
- 2017 Best Online Bachelor's in Math Education Programs for 2017 - Best Colleges
- 2017 Best Online Bachelor's in Special Education - College Choice
- 2017 Top Public Schools – Regional Colleges – Midwest - U.S. News & World Report
- 2016 Most Affordable Online Colleges - Center for Online Education
- 2016 Among the Most Affordable Online Bachelor's Degrees in Elementary Education - BestColleges.com
- 2015-2016 Champions of Character Five-Star Institution - NAIA
- 2016 One of the Best Regional Colleges - The Princeton Review
- 2015-2016 Undergraduate online programs where out-of-state students had the lowest total cost - U.S. News &World Report
- 2016 #10 Most Affordable Online Colleges for Bachelor's Degrees - College Choice
- 2015 Best Colleges for Veterans - U.S. News & World Report
- 2015 Best Online Bachelor's in Early Childhood Education - BestColleges.com

Mayville State University

YOUR FUTURE IS CLOSER THAN YOU THINK.



MayvilleState.edu

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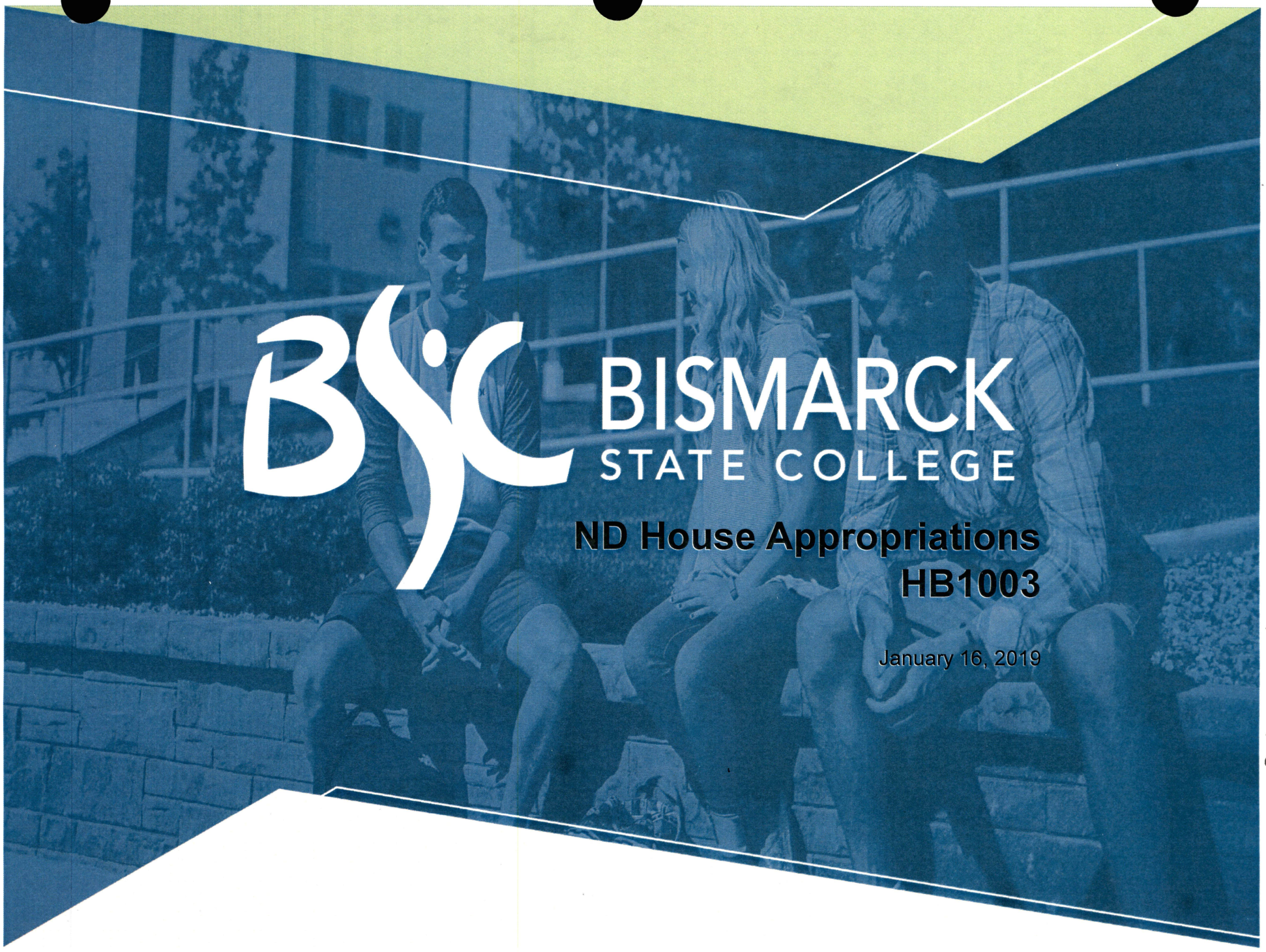
Mayville, ND 58257



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2017-19 Base Level and 2019-21 Budget Request

General Fund	2017-19 Base Level	Requested Adjustments	2019-21 Needs-Based Budget Request
Campus Operations	$30,182,924	$504,387	$30,687,311
Capital Assets	$ 417,673	–	$ 417,673
Total State General Fund	$30,600,597	$504,387	$31,104,984

Special Fund	2017-19 Base Level	Special Fund Adjustments	2019-21 Needs Based Budget Request
Campus Operation	$71,487,110	($3,567,473)	$67,919,637
Capital Assets	$ 1,504,888	($ 10,348)	$ 1,494,540
Total Special Fund	$72,991,998	($3,577,821)	$69,414,177

1. *The major component of our base level funding is for campus operations; 62% of operational expense is for employee positions. If budget reductions are required we will have to reduce staff size.*
2. *General Fund Base level reflects reduction of ($124,403) for one-time funding and carryover.*
3. *General Fund Requested Adjustments consist of a $1,326,732 increase for a 4% per year salary increase and funding formula reduction of ($822,345).*

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2019-21 Budget Request and Executive Recommendation

General Fund

	2019-21 Budget Request	2019-21 Executive Recommendation	Difference
Campus Operations	$30,687,311	$29,274,154	($1,413,157)
Capital Assets	$ 417,673	$ 417,673	$ 0
Total State General Fund	$31,104,984	$29,691,827	($1,413,157)

1. General Fund Executive Recommendation first removes the requested 4% per year salary increase of ($1,326,732), but then includes $951,818 for a 4% and 2% salary increase and an additional $450,670 to maintain employee health insurance. The net effect is an increase of $75,756.
2. General Fund Executive Recommendation includes a decrease of ($1,488,913) which reflects a 5% decrease in funding formula.
3. The net general fund recommendation is a decrease of ($1,413,157) from the needs-based budget request.

Special Fund

	2019-21 Budget Request	2019-21 Executive Recommendation	Difference
Campus Operations	$67,919,637	$68,219,019	$299,382
Capital Assets	$ 1,494,540	$ 1,494,540	$ 0
Total Special Fund	$69,414,177	$69,713,559	$299,382

1. Special Fund Executive Recommendation first removes the requested 4% per year salary increase of ($1,563,087), but then includes authority for a 4% and 2% salary increase $1,190,764, and an additional $671,705 to maintain employee health insurance. The net affect is an increase of $299,382.

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BSC supports SBHE budget initiatives not in Executive Recommendation

1. Base adjustment: 1 FTE College & Career Dev Coordinator $121K
   - Engage secondary students regarding workforce opportunities in emerging, critical need careers
2. One-time adjustment: $1M for academic technology and infrastructure
   - Last biennium budget reduction disrupted equipment replacement cycle. Funding needed to support student success and expectation.
3. Capital Project: $500K for card access system
   - Safer more secure environment for students and employees
   - #4 ranked campus project request for the SBHE

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BSC supports SBHE initiatives not in Executive Recommendation, cont.

4. Envision 2030 System Initiatives
   - $4M (one-time) for high priority programs and initiatives
     - Funds used to develop courses, programs, and certificates to meet ND's most critical workforce needs.
   - $1M (base) for scholarships in critical need, high-demand areas

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BSC supports workforce development bills

- BSC supports two bills that provide grant and scholarship funds to help develop and implement a skilled workforce.
  - HB 1171 transfers $10M from BND profits to establish skilled workforce grant program.
  - SB 2039 transfers $10M from BND profits to establish skilled workforce scholarship program.
- Both bills fit with the ND Workforce Development Council recommendations from October 2018 to develop a workforce equipped with the skills needed to succeed today and thrive and grow in the future.

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Need for tuition increase

- Cover student share of salary, health insurance increases
- Sustain programs and services

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Legislative Council Information Requests

- Budget reductions
  - Due to previous cuts to Higher Ed, the SBHE created a needs-based budget and BSC did not develop reduced budget scenarios
- BSC audit findings
  - None to report
- Changes in federal funding
  - $24.5M, six-year TREND grant closed

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TREND and TrainND

Training for Regional Energy in N.D. (TREND)
U.S. Department of Labor grant

- After faculty turnover, Sitting Bull College (SBC) utilized a TrainND welding instructor to ensure a valuable program continued training students for in-demand careers.

Welding Training – Summer 2014 & Summer 2016

- 12 students enrolled, 7 students completed and earned credentials

TREND Grant Deliverables: As part of the federal grant requirements, SBC was required to meet deliverables for the program, including:

- Offering curriculum
- Utilizing equipment
- Implementing training
- Data collection
- Reporting

BSC TREND Project Director, Emily Cash, approved all expenses, reported and monitored performance.

TrainND

Summer 2014

- Contract Amount $33,500
- Direct Expenses $14,573
- TrainND Profit $18,927

Summer 2016

- Contract Amount $33,000
- Direct Expenses $15,305
- TrainND Profit $17,695

SBC paid BSC with federal TREND grant dollars.



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BSC Student Profile Fall 2018

Programs

Liberal Arts	1108
Technical	1521
BAS	201
Non-degree	948
Early entry	603
Other	345
Total	**3778**

Class level

Freshman	1995
Sophomore	1585
Junior	38
Senior	160

Gender

Female	1644
Male	2134

Mode of Education Delivery

On campus	1313
Blended (f2f+online)	770
On campus	2083
Distance/online only	1695
In ND	1102
Out-of-state	593

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BSC committed to veterans, military

- 2017-18: 209 veterans and dependents attending BSC
  - Represent 25 states
  - Enrolled in 31 programs
    - 6 in Cybersecurity and Computer Networks
    - 65 in Energy-related programs
- 103 active duty military in 21 BSC programs
  - All branches, 33 states represented
- 2013-present: 733 veterans attending BSC
- Chief Distance Learning and Military Affairs Officer Lane Huber served as president of Consortium of Civilian Military Educators

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Graduation rates and retention

	BSC	ND Cmty Colleges	National Average
Graduation rate	53%*	37%***	23.6%***
Retention rate FT	67%**	59%ǂ	62%ǂ
Retention rate PT	41%**	26%ǂ	44.3%ǂ

**Fall 2015 IPEDS cohort*
***Fall 2017 cohort*
**** Fall 2013 cohort, National Center for Education Statistics, IPEDS*
ǂ Fall 2015 cohort, National Center for Education Statistics, IPEDS

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Destination of ND High School Graduates

Fall 2018	Total first-time freshmen	Total first-time freshmen from ND	% of first-time freshmen from ND with total first-time freshmen	Number of ND first-time freshmen enrolling directly from high school	% of all ND high school graduates enrolling directly from high school Total = 6,981
BSC	**864**	**806**	**93.3%**	**649**	**9.3%**
NDSU	2275	796	35%	748	10.7%
UND	1835	677	36.9%	589	8.4%
NDSCS	608	335	55.1%	271	3.9%
MiSU	397	266	67%	220	3.2%
WSC	326	233	71.5%	171	2.4%
LRSC	205	161	78.5%	128	1.8%
VCSU	165	122	73.9%	116	1.7%
DSU	181	114	63%	89	1.3%
DCB	179	92	51.4%	69	1%
MaSU	139	76	54.7%	62	.9%

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4th week enrollment

	Fall 2016	Fall 2017	Fall 2018	17-18 Change	% Change
Enrollment					
PT headcount	1735	1689	1738	+49	+3%
FT headcount	2241	2067	2040	-27	-1%
Total	**3976**	**3756**	**3778**	**+22**	**+1%**
FTE	2855	2659	2645	-14	-1%
Total Credit Hours	**42,907**	**39,683**	**39,167**	**-516**	**-1%**

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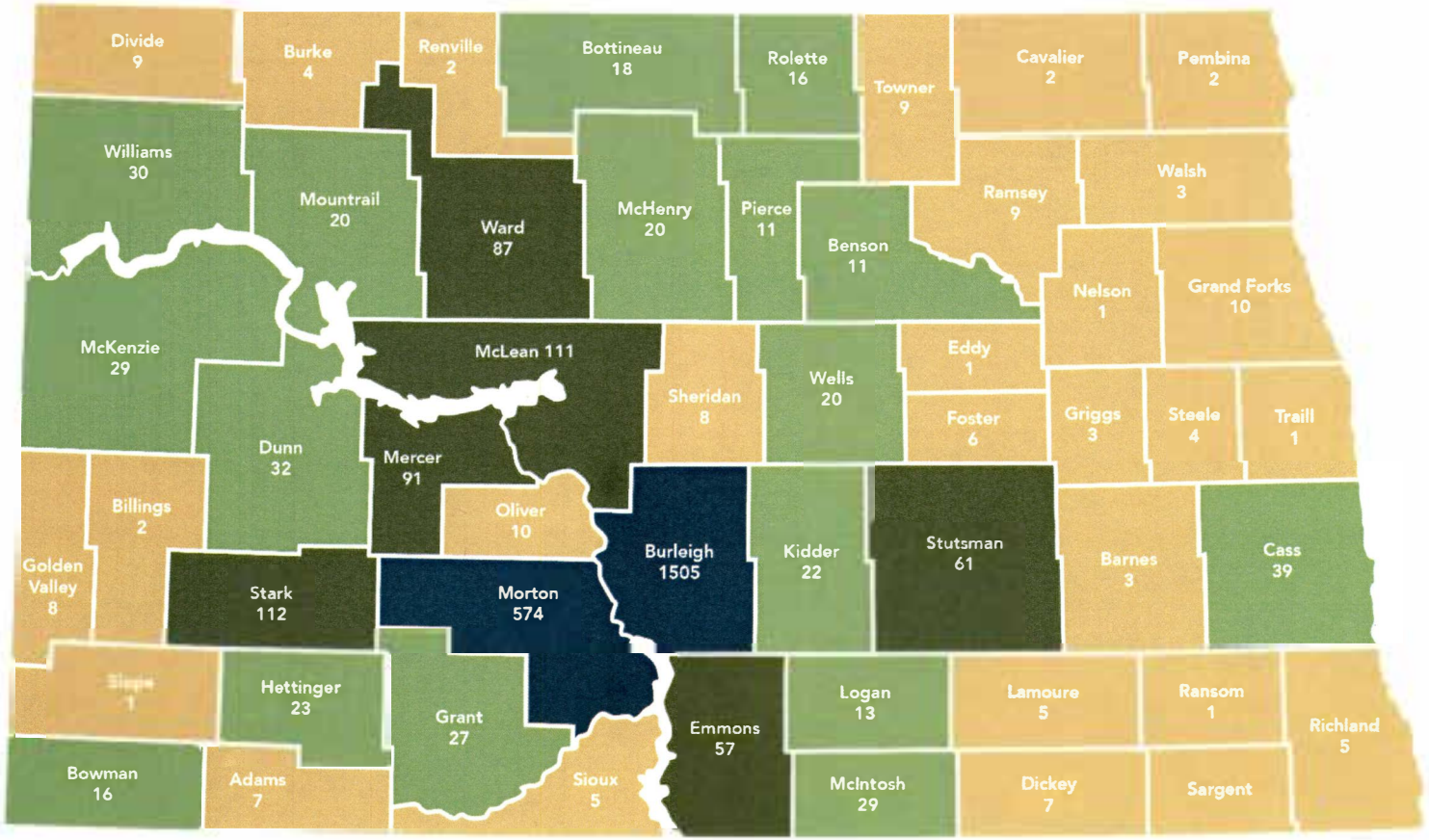
BSC student enrollment (ND)



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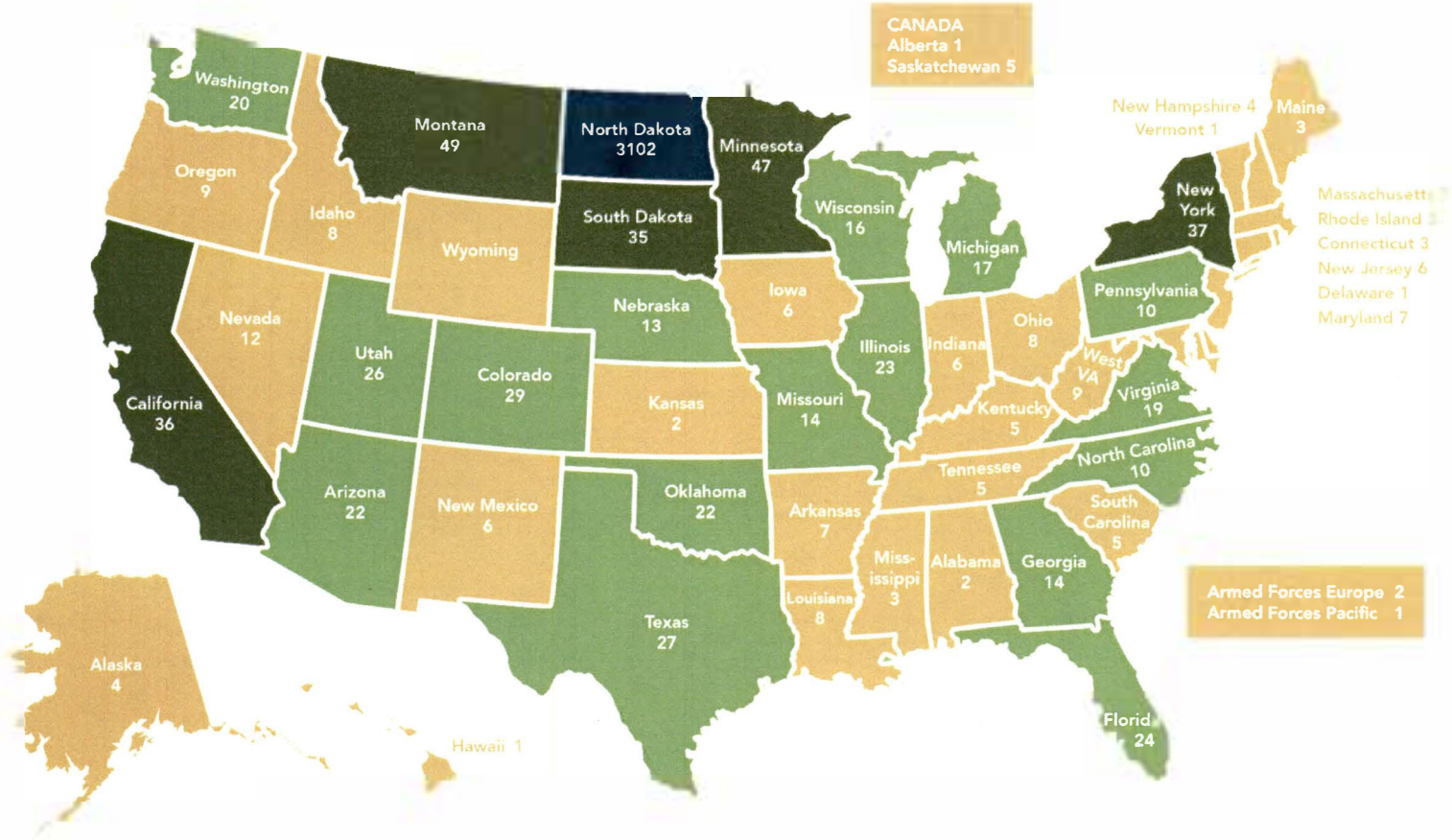
BSC student enrollment (U.S.)



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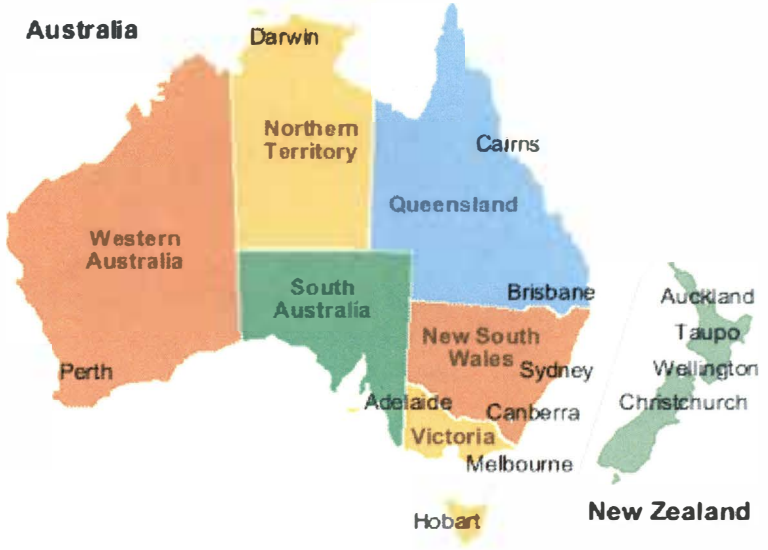
BSC's international footprint

- International non-credit training in Australia and New Zealand
- Recently selected to operate the National Power Academy in Dammam, Saudi Arabia





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Responsive and innovative

- Cybersecurity expansion
- National Power Academy
- Polytechnic transition

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BSC does more with less

- 3rd largest NDUS institution
- 3rd lowest funding per student
- Less base funding per student than other campuses

BSC funding per student count compared to NDUS average		
	Per FTE	**Per headcount**
BSC	$12,026	$8,347
NDUS average	$14,111	$11,172
Percent difference	-15%	-25%

2017-19 General Fund Appropriation and Fall 2017 and Spring 2018 NDUS enrollment reports

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Technical program placement rates
First Destination Reports 2017 and 2018

	Respondents	Average wage*	Wage range**	Employed in field	Employed overall
2018	658	$24.26/hour	Lowest: $12.50 (Technical Studies) Highest: $44.37 (Energy Management)	84%	100%
2017	574	$22.87/hour	Lowest: $9.33/hour (Technical Studies) Highest: $41.41/hour (Petroleum Production Technology)	93%	99%

**In 2017, 272 respondents (41%) provided wage information; in 2018, 294 respondents (51%) provided wage information.*
***In 2017, 41 program areas were represented; in 2018, 37 program areas were represented.*

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Providing students with options

Liberal Arts Transfer Programs

- 29% of BSC students
- Seamless transfer to NDUS institutions
- 50+ areas of study
- Several 4-year collaborative programs on campus

Career & Technical Programs

- 40% of BSC students
- Career ready in 2 years or less
- 45+ programs
- Online and on-campus

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Meeting needs of ND and employers

- Polytechnic pursuit
  - BSC already offers Energy Management and Cyber BAS degrees
    - SBHE approval for third in Geomatics (unfunded)
  - BAS creates pathways for technicians to move into managerial positions without having to start over in order to earn a bachelor degree
  - BAS meets employer-identified need for increasingly skilled workers at technician level

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Meeting needs of ND and employers



Nursing

- Dakota Nursing Program
  - Consortium to share faculty
- BSC remote sites
  - Hazen
  - Harvey
  - Ashley
  - Garrison
  - Hettinger
- $100K USDA nursing grant
  - Roving simulation lab

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Collaborative facilities

- Bismarck Public Schools Career Academy and BSC Technical Center
  - Statewide models of collaboration
  - Annually expose thousands of students to BSC programs
- BSC Aquatic and Wellness Center
- MDU Resources Community Bowl

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Collaborative programs

- Bachelor degrees on campus
  - 28 MiSU and DSU degrees on BSC campus
  - Articulation agreements with University of Mary
- Dakota Nursing Program
  - Consortium to share faculty
  - Partnered with WSC, LRSC and DCB

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Healthcare crisis

- Critical shortage of nurses and CNAs, surg techs, MLTs, EMTs, etc.
- BSC downtown health sciences facility lease up Summer 2020
- SBHE approved campaign to renovate on-campus facility
- Investment of $21M needed for renovation and expansion

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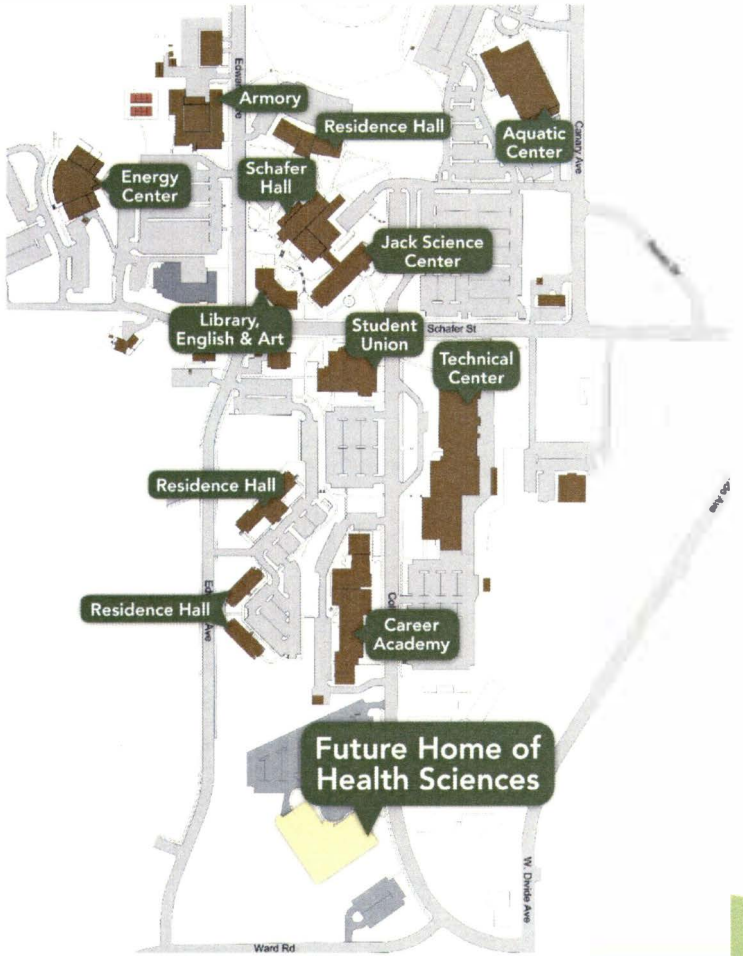
Health Sciences on campus



- Nursing
- Surgical Technology
- Paramedic/EMT
- Medical Lab Tech

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Health Sciences enrollments

BSC's health science programs	Fall 2018 declared majors	Current program capacity	Estimated growth potential*
Practical Nurse (LPN)	122	60	84+
Associate degree nurse (ADN/RN)**	96	60	84+
CNA	64	64	80
MLT	24	16	24
Paramedic/EMS	15	60	75
Surgical Tech	23	16	32
TOTAL	**344**	**276**	**379+**

**Limited to available clinical sites, number of faculty and facility size.*
***For each additional FT nursing faculty hired, 24 additional students can be added.*

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Summary

- Last two biennia were challenging
- Innovation and aggressive partnerships moved us forward
- Grateful for legislative support
- BSC has the right innovative model to drive workforce development in Bismarck-Mandan and western ND

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NORTH DAKOTA
UNIVERSITY SYSTEM

ACCESS. INNOVATION. EXCELLENCE.

HOUSE APPROPRIATIONS COMMITTEE – EDUCATION & ENVIRONMENT DIVISION HOUSE BILL 1003

NDUS SYSTEM OFFICE OVERVIEW JANUARY 17, 2019

Tammy Dolan
701-328-4116; Tammy.dolan@ndus.edu

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2019-21 HB1003 Base Budget to Executive Recommendation

General Fund Ongoing Budget – System Office

2

Appropriation Line	2017-19 Base Budget	Base Budget Adjustments	5% Base Budget Reduction	Executive Compensation Package	2019-21 Executive Recommendation	2019-21 Needs Based Budget	Variance from Needs Based Budget Request
System Governance	$ 7,486,143		$ (374,307)	$ 383,122	$ 7,494,958	$ 7,790,171	$ (295,213)
Capital bond payments	6,605,326	$(1,645,878)			4,959,448	4,959,448	
Veterans Assistance Programs	277,875				277,875	277,875	
Student Mental Health	284,400		(14,220)		270,180	284,400	(14,220)
Core Technology Services	37,964,115	539,453	(1,898,206)	963,402	37,568,764	38,779,483	(1,210,719)
Student Financial Assistance Grants	21,917,306				21,917,306	21,917,306	
ND Scholars Program	1,807,115				1,807,115	1,807,115	
Native American Scholarship	555,323				555,323	555,323	
Education Incentive Programs	2,863,393	(2,103,393)			760,000	2,863,393	(2,103,393)
Tribal Community College Grants	100,000	900,000			1,000,000	100,000	900,000
Academic and Tech Ed. Scholarship	12,016,749	2,939,803			14,956,552	12,016,749	2,939,803
Student Exchange Program	3,234,035	465,307			3,699,342	3,234,035	465,307
Competitive Research Program	6,027,750				6,027,750	6,027,750	
Shared Campus Services	500,000		(25,000)		475,000	500,000	(25,000)
Total	**$101,639,530**	**$ 1,095,292**	**$ (2,311,733)**	**$ 1,346,524**	**$ 101,769,613**	**$ 101,113,048**	**$ 656,565**

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2019-21 Executive Budget to Request – Optional Adjustments

3

NDUS Optional Requests			Executive Recommendation
	Description	Amount	Amount
Sustain Existing Service Levels			
Replace Student Loan Trust Fund (SLTF) Dollars for the following:			
Connect ND	Since 1993, partially funded six FTE to maintain Campus Solutions. (ongoing)	$ 539,437	$ 539,437
Professional Student Exchange Program (PSEP)	Fewer ND students placed into veterinary, dentistry and optometry programs (ongoing)	$ 465,307	$ 465,307
Tribal College Grants for Non-Native Students attending Tribal Colleges	SLTF funds comprise 83% of $600,000 budget (ongoing). Governor enhanced funding by $400,000 as part of workforce initiative.	$ 500,000	$ 900,000
Academic & CTE Scholarship	Increased scholarship awards require additional funds (ongoing)	$ 2,939,803	$ 2,939,803

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2019-21 Executive Budget to Request – Optional Adjustments

4

NDUS Optional Requests			Executive Recommendation
	Description	Amount	Amount
Systemwide Initiatives – Envision 2030			
Campus Workforce Initiative Pool	$4.0 million (one-time) to develop and/or modify academic & technical offerings to address workforce needs, including nursing, digital agriculture, energy certificates, manufacturing & cybersecurity.	$ 5,000,000	
	$1.0 million (ongoing) for scholarships to students completing programs in high-demand workforce areas.		
Campus Research Initiative Pool	One-time funds for expanded research into emerging technology and new fields, such as UAS, counter UAS, digital agriculture, cybersecurity, data analytics and medical applications	$ 10,000,000	
Digital Transformation	One-time funds to assist campuses to adjust to digitization demands by purchase of new automation tools to free up labor	$ 500,000	

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2019-21 Executive Budget to Request – Optional Adjustments

5

NDUS Optional Requests			Executive Recommendation
	Description	Amount	Amount
Systemwide Technology Initiatives			
IT Security	2.00 FTE operational security positions (ongoing) for proactive identification and response to cybersecurity issues and threats. Coordinated with ITD resources.	$ 480,000	
Digital Initiative	$2.0 million each for NDSU & UND to support existing high-performance computing infrastructure & increase capacity to provide expert resources in advanced informatics, scientific computing and application development. (ongoing)	$ 5,700,000	
	$850,000 each for NDSU & UND to support existing high-speed, high-capacity research network. (ongoing)		

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2019-21 Executive Budget to Request – Optional Adjustments

NDUS Optional Requests			Executive Recommendation
	Description	Amount	Amount
Systemwide Initiatives – SB2003 Task Force			
Common Enrollment Mgmt System	Enhanced common application including a robust applicant portal, improved mobile experience, field validation, logical field routing and institutional branding ($100,000 ongoing & $200,000 one-time)	$ 300,000	
Academic Pathways Initiative	Tool to develop academic pathways to direct student into required courses, improve timely degree completion, help identify cross-institution program sharing efficiencies. ($150,000 ongoing & $150,000 one-time)	$ 300,000	
College & Career Development Coordinators	11.00 FTE (1.00 at each institution - ongoing) to coordinate with high schools and expand career/ college counseling at the high school level.	$ 1,300,000	
Common Course Catalog	1.50 FTE to develop and maintain systemwide general education program catalog to assist with transferability, cross-institution program/instructor sharing, and creation of online academic pathways ($500,000 ongoing & $300,000 one-time)	$ 800,000	

NORTH DAKOTA UNIVERSITY SYSTEM

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2019-21 Executive Budget to Request – Optional Adjustments

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NDUS Optional Requests			Executive Recommendation
	Description	Amount	Amount
Systemwide Initiatives – SB2003 Task Force			
Education/Workforce Development Dashboard	Searchable, mobile-friendly educational & workforce dashboard to identify high-demand job and related NDUS academic/technical programs ($50,000 ongoing & $100,000 one-time)	$ 150,000	
eProcurement System	Amazon-like marketplace tool for systemwide purchase of goods & services. Future realized cost savings may help offset upfront costs. ($1.72 million and 1.00 FTE ongoing & $500,000 one-time)	$ 2,220,000	
Campus Academic, Technology & Infrastructure Needs	$1.0 million per campus to address various academic, technology, non-capital infrastructure or other needs. (one-time)	$ 11,000,000	

NORTH DAKOTA UNIVERSITY SYSTEM

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2019-21 Executive Budget to Request – Optional Adjustments

Optional Request			Executive Recommendation
	Description	Amount	Amount
System Governance			
Transfer Teacher Shortage Loan Forgiveness (TSLF) Program to DPI	2017 Legislative Assembly transferred TSLF program administration to DPI. Requires statutory update. (ongoing)	$ (2,103,393)	$ (2,103,393)
Director of Academic Programs Restoration	1.00 FTE (ongoing) to reinstate position responsible for implementing NDUS academic policies, procedures and initiatives, including academic program approval and statewide research initiatives. Eliminated in 2015 due to budget reductions.	$ 220,000	
Director of Workforce & Research Development	1.00 FTE (ongoing)for new position to coordinate research between research universities (EPSCoR), facilitate emerging technology & other research, facilitate integration & adaption of systemwide workforce programs.	$ 220,000	
Restore MHEC Membership	Permanently restore membership in Midwestern Higher Education Compact. Reinstate statutory language repealed in 2017. (ongoing)	$ 230,000	
Eliminate Campus Assessment for Internal Audit & Compliance	Fund compliance office and portion of internal audit department expenses and eliminate campus assessment (ongoing)	$ 300,000	
Financial Aid System Replacement	Update outdated, cumbersome systems to administer Scholars, ND Indian Scholarship, PSEP, STEM loan forgiveness programs (ongoing)	$ 600,000	

NORTH DAKOTA UNIVERSITY SYSTEM

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2019-21 Executive Budget to Request – Governor's Initiatives

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Optional Request			Executive Recommendation	
	Description	Amount	Amount	
Online Curriculum Development Pool	Competitive grant program for institutions to develop new online programming (one-time)		$ 5,000,000	SIIF
Challenge Grants	Investment requiring 2:1 private match primarily for scholarship endowments (one-time)		$ 40,000,000	Legacy Fund Earnings
Theodore Roosevelt Digitization Project	Digitization of Theodore Roosevelt documents at DSU (one-time)		$ 750,000	SIIF

NORTH DAKOTA UNIVERSITY SYSTEM

NORTH DAKOTA BUILDING AUTHORITY DEBT SERVICE

Biennium	2010B 2002A	2010A/B	2012A	2017A 2006B/2001A 2006A/2000A/1998A 2005A	Totals	Other Source	Energy Conser.	Total Gen. Fund	10% of $.01 Sales Tax*	Available Debt Ser
2017-19	917,144	504,531	1,809,463	9,894,867	13,126,005	1,146,911	507,785	11,471,309	47,250,320	35,779,011
2019-21	928,088	490,888	1,797,750	7,361,250	10,577,976	1,140,293	431,844	9,005,839	42,095,500	33,089,661
2021-23	492,700	481,056	909,000	6,191,750	8,074,506	840,392	423,295	6,810,819	42,095,500	35,284,681
2023-25	0	465,981	0	2,782,875	3,248,856	499,317	207,649	2,541,890	42,095,500	39,553,610
2025-27	0	448,181	0	0	448,181	448,181	0	0	42,095,500	42,095,500
2027-29	0	425,469	0	0	425,469	425,468	0	0	42,095,500	42,095,500
2029-31	0	174,031	0	0	174,031	174,031	0	0	42,095,500	42,095,500
Totals	2,337,932	2,990,137	4,516,213	26,230,742	36,075,024	4,674,593	1,570,573	29,829,857		
	3.24%	3.33%	1.41%	1.53%						

Revised 11/23/2018

The statutory limitation is based on the Legislative March 2017 forecast with a 0% increase each subsequent biennium.

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State Bonding

General Obligation Bonds

General obligation bonds are secured by the full faith and credit and the general taxing power of the state.

Article X, Section 13 of the North Dakota Constitution provides for the issuance of general obligation bonds of the State as follows:

- The State may not incur general obligation debt unless evidenced by a bond issue authorized by law for clearly defined purposes.
- Every law authorizing a general obligation bond issue must:
  - Provide for a levying of an annual tax, or make some other provision, sufficient to pay the interest semiannually and the principal within 30 years from the date of issuance.
  - Specifically appropriate the proceeds of the tax levy, or such other provision, to the repayment of the principal of and interest on the bonds.
- The appropriation referred to above may not be repealed, or the tax or other provision discontinued, until both the principal of and interest on the bonds have been paid.
- General obligations bonds in excess of $2,000,000 must be secured by a first mortgage upon either of the following:
  A. A first mortgage on real estate for no more than 65% of the value of the real estate.
  B. A first mortgage on real or personal property of State-owned utilities, enterprises or industries for no more than the value of the utilities, enterprises or industries. The State may not issue or guarantee bonds secured by property of State-owned utilities, enterprises or industries in excess of $10,000,000.
- The State may not issue debt in excess of the limit set out in this section except for one of the following purposes:
  A. Repelling invasion.
  B. Suppressing insurrection.
  C. Defending the State in time of war.
  D. Providing for the public defense in case of threatened hostilities.

Currently, there are no outstanding General Obligation Bonds of the State.

Appropriation Bonds

Appropriation bonds do not carry a moral obligation as defined below nor are they general obligations of the state; they are payable solely from biennial appropriations of a specific source or from pooled revenues from various sources. For example, the Water Commission was given authority to issue bonds for water development projects with the primary source of payment being appropriations from the Water Development Trust Fund. N.D.C.C. §61-02.1--04 [The Water Development Trust Fund has as its source of funding the monies received from the Tobacco Settlement Trust Fund. If there are insufficient funds available in the Water Development Trust Fund from tobacco settlement payments, then funds are to be drawn from a) the Resources Trust Fund, b) other available current revenues, c) other revenues of the Water Commission and d) certain biennial earnings of the Bank of North Dakota.]

The North Dakota Building Authority issues revenue bonds which are a form of appropriation bonds. The Authority looks to a financing agreement (either a loan agreement or a lease agreement which provide for a financing payment every six months) entered into between the Authority and the State Agency to repay the outstanding bonds. The financing agreements are structured for successive two-year terms. In the case of the Building Authority the majority of the financing payments from the State Agency come from the General Fund that is appropriated each biennium by the Legislature,

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(although some payments originate from federal or other funds available to a State Agency). These bonds are sold with the understanding that the lease rentals or loan payments are repayable (primarily) from biennial appropriations and that the Legislature is not required to appropriate funds for the financing payments in future biennia.

Moral Obligation Bonds

A moral obligation pledge will generally require that the state agency issuing the bonds must notify the Governor or other executive branch office by a certain date in the fiscal year that a bond reserve fund deficiency exists or is expected to occur. The Governor or other executive officer is then required to submit in the executive budget a request for an appropriation that will be sufficient to restore or cover the reserve fund deficiency. The State Legislature then has a moral (but not legal) obligation to provide the requested appropriation to replenish the reserve fund.

For example, bonds issued by the Public Finance Authority (previously known as the Municipal Bond Bank) may be issued as moral obligation bonds. (However, the Public Finance Authority's State Revolving Fund bond issues sold in 2011 and 2012 without the need for the moral obligation pledge and only the 2012 taxable bonds required reserves. The State Revolving Fund program is rated on its own at Aaa by Moody's.) Subsection 1 of NDCC §6-09.4-10 generally requires the Public Finance Authority to establish and maintain a reserve fund equal to the maximum annual debt service on all outstanding Public Finance Authority bonds. (Rating agencies sometimes require a two-year annual debt service reserve since North Dakota operates on a biennial basis.) Subsection 4 of NDCC §6-09.4-10 provides that if the Public Finance Authority issues moral obligation bonds the legislative assembly is morally (but not legally) obligated to appropriate and pay to the Public Finance Authority for deposit in its reserve fund such sum as is certified to the Legislature by the Industrial Commission as necessary to restore the reserve fund to an amount equal to the required debt service reserve.

Revenue Bonds

Revenue bonds are not general obligations of the State; they are payable solely from revenues from a specific source or from pooled revenues from various sources. There are different sources for repaying revenue bonds. State issued revenue bonds are as follows:

Mortgage Revenue Bonds

The North Dakota Housing Finance Agency issues mortgage revenue bonds. The proceeds from these bonds are used to buy certain first-time home loans from lenders and the repayment of these loans provides funds for the primary debt service on the bonds. HFA bonds are not debt of the State, but are full faith and credit obligations of the HFA (to the extent of legally available funds).

Other Revenue Bonds

- There are several other types of revenue bonds issued by the state. First, the Industrial Commission has issued student loan revenue bonds (which are similar to mortgage revenue bonds). The proceeds from the student loan revenue bonds are used to purchase student loans primarily from the Bank of North Dakota. The payments made by students on the loans (the revenues) are then utilized to repay the bonds.
- The University System has issued several different types of revenue bonds. Parking lots are often financed by revenue bonds with the parking fees (revenues) used to repay the debt. The same applies for student housing, student unions and technology bonds.
- The Water Commission has issued revenue bonds for part of the Southwest Pipeline Project and for a small portion of the NAWS Project. The main source of repayment is water user fees.

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- The Department of Transportation issued one issue of revenue bonds in 2005. The proceeds from the Transportation bonds were used for specified transportation projects. The repayment sources for these bonds are anticipated Federal highway grant and revenue funds and the appropriated State's Highway Fund revenues.
- Both the Transmission Authority and the Pipeline Authority have been given authority to issue revenue bonds. As of January 1, 2015 neither Authority has issued any bonds. During the 2009 Legislative Session a bill was passed to allow up to $240 million of Transmission Authority bonds to be backed by the State's moral obligation.

Payment Sources

Each type of issue reflects a different source of repayment should there be a default. The only bonds that require that a tax be levied to pay for debt service are the general obligation bonds. The State has no general obligation bonds outstanding at this time.

All the other bonds must clearly state in the legal documents and official statements that the bonds are not a general obligation of the State of North Dakota and the bondholder can only rely on the revenue or other sources that are pledged. Typically an official statement for the bond issue will include a paragraph that states something similar to the following:

> "The Bonds do not constitute debt of the State or any agency or political subdivision thereof, neither the faith or credit nor the taxing powers of the State or political subdivision thereof are pledged to the payment of the principal or interest on the bonds."

Bonding Authority

Attached is a chart which shows what entities have authority to issue bonds, the security and repayment sources for each type of bonds, any limitations, amounts outstanding and the statutory reference.

Karlene Fine
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Issuer	Type of Bond	Security Source*	Source of Repayment	Various Limitations**	Amount Outstanding	Statutory Reference
North Dakota Building Authority	Lease Revenue/ Appropriation Bonds	Deed/lease held on the facilities either constructed or rehabilitated; and more recently, funds derived from biennial appropriations provided under agreement.	Biennial appropriations (including General Fund, Local Match Funds, Federal Funds & Fee income)	General Fund appropriation cannot exceed 10% of 1% of the sales use, motor vehicle tax ****	$20,855,000 (as of 12-31-18)	54-17.2
State Fair Association	Revenue Bonds	Revenues and earnings	Revenues	***	$1,565,000 (as of 9/30/18)	4-02.1
Housing Finance Agency	Mortgage Revenue Bonds	Revenues from Mortgages held on homes and multi-family facilities	Mortgage loan repayments and reserve/ investment income	***	$1,021,915,000 (as of 12-31-18)	54-17
Industrial Commission/ Lignite Research Program	Revenue Bonds	Lignite tax revenues	Biennial appropriations from the Lignite Research Fund	No limitations except to the extent of funds available in the Lignite Research Fund for debt service payments	$0	54-17.5
Pipeline Authority	Revenue Bonds	Revenues and earnings/Lease Agreements	Revenues	$800,000,000	$0	54-17.7
Public Finance Authority	Moral Obligation/ Revenue Bonds	Political Subdivision bonds; and for certain bonds, the moral obligation pledge of the State	Loan repayments from political subdivisions	Capital Financing Program ***; Industrial Development Revenue Bonds (small manufacturers) limitation of $2 million per project;. SRF Program ***	$497,705,000 (as of 12-31-18) - $154,715,000 has moral obligation	6-09.4
Governor & Treasurer – Real Estate Bonds	General Obligation	Real Estate mortgages & a commitment to levy a statewide mill levy	Payments from Real Estate Loans and Statewide Mill levy	$150,000,000/65% of the value of real estate mortgages	$0	54-30
Industrial Commission/ Student Loan Program	Revenue Bonds Residual Bonds	Student Loans guaranteed by Guarantee Agency and Federal Government	Student Loan payments	***	$1,000,000 (as of 12-31-18)	54-17
Transmission Authority	Moral Obligation/ Revenue Bonds	Revenues and earnings / Lease agreements	Revenues	$800,000,000 (Moral obligation is limited to $240 million of the $800 million)	$0	17-05
Department of Transportation	Grant Anticipation	Anticipated Federal Highway Grant &	Anticipated Federal Highway Grants &	Limited to financing for two specific projects	$9,880,000 (as of 12-31-	24-02-40.1

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	Revenue Bonds	Revenue Funds & appropriated State Highway Fund Revenue	Revenue Funds & appropriated State Highway Fund revenue		18)	
University System	Revenue Bonds	Revenues from the fees	Parking Fees, Housing Fees, Student Fees	Each project must be approved by the Legislature. No overall limitation	$239,208,920 (as of 6-30-16)	15-55
Water Commission	Revenue Bonds Appropriation Bonds	Revenues and earnings	Collection of User Fees; Water Development Trust Fund appropriation	Statutory limitation of an aggregate of $2 million unless Legislature authorizes a higher amount for a specific project (SW pipeline has a limitation of $25,000,000; Red River Valley Water Supply project has a limitation of $40,000,000; Northwest Area Water Supply project does not have such a limitation.)	$0	61-24.3, 61-24.6, 61-02, 61-02.1

*Security Sources also include reserve funds and other invested funds and accounts that are provided for in each bond issue. Generally these reserve funds represent up to one year's debt service or 10% of the bond issue. The Public Finance Authority's CFP bonds have a two years maximum annual debt service requirement. Balances in any reserve funds are generally used to make the final debt service payment.

**The Federal Government has established an overall volume cap for Private Activity Bonds that is $316,745,000 for calendar year 2019. The Student Loan Revenue Bonds and the Housing Finance Agency Revenue Bonds fall within the Private Activity Bond Volume Cap.

***The issuance of bonds is subject to adherence to bond document requirements and satisfactory program cash flows.

****North Dakota Building Authority Bonds issued for Energy Conservation Projects, by law, are not under the 10% of 1% sales tax limitation. ***Revised 01/13/2019***

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HIGHER EDUCATION CAPITAL EXPENDITURE REQUESTS FOR THE 2019-21 BIENNIUM

This memorandum provides information regarding higher education capital expenditure requests for the 2019-21 biennium, including capital projects and extraordinary repairs. The executive budget recommendation includes funding from the general fund; strategic investment and improvements fund (SIIF); revenue bonds; and other funds, including grants, gifts, donations, and other local funds. The following schedule provides information regarding requested and recommended appropriations for capital expenditures. The highlighted columns identify appropriations from the state general fund and SIIF.

	Institution Request		State Board of Higher Education Recommendation		Executive Budget Recommendation			
Institution	General Fund	Other Funds[1]	General Fund	Other Funds[1]	General Fund	SIIF	Other Funds	Revenue Bonds
Bismarck State College								
Card access system	$500,000		$500,000		$0			
Health sciences facility[2]	21,000,000[2]		0[2]		0			
Infrastructure improvements	3,000,000		0		0			
Cybersecurity technology center	3,000,000		0		0			
Extraordinary repairs[3]	417,673		417,673		417,673			
Lake Region State College								
Dakota precision agriculture center	3,879,030		0		0			
Extraordinary repairs[3]	155,367		155,367		155,367			
Williston State College								
Extraordinary repairs[3]	197,801		197,801		197,801			
University of North Dakota								
Deferred maintenance	45,000,000		0		0			
Science, technology, engineering, and mathematics building	109,500,000		0		0			
Merrifield Hall renovation	35,000,000		0		0			
Athletics high-performance center		$35,000,000		$35,000,000			$35,000,000	
Memorial Union replacement		80,000,000		80,000,000				$80,000,000
Extraordinary repairs[3]	4,411,566		4,411,566		4,411,566			
North Dakota State University								
Dunbar Hall	51,350,000		51,350,000		0	$25,675,000	25,675,000	
Agriculture products development center	54,000,000		0		0			
Northern Crops Institute project[4]	10,000,000[4]	14,000,000[4]	0[4]	0[4]	0		0	
Engineering complex addition	32,150,000		0		0			
Main Research Center facility[5]	65,000,000[5]		0[5]		0			
Barry Hall renovation		3,000,000		3,000,000			3,000,000	
Indoor practice facility		37,200,000		37,200,000			37,200,000	
Softball facility		2,000,000		2,000,000			2,000,000	
University village		37,600,000		37,600,000				37,600,000
Extraordinary repairs[3]	2,732,244		2,732,244		2,732,244			

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Institution	Institution Request		State Board of Higher Education Recommendation		Executive Budget Recommendation			
	General Fund	Other Funds[1]	General Fund	Other Funds[1]	General Fund	SIIF	Other Funds	Revenue Bonds
North Dakota State College of Science								
Hektner Student Center	6,708,000		6,708,000		0			
Fargo career academy		30,000,000		30,000,000			30,000,000	
Extraordinary repairs[3]	1,012,379		1,012,379		1,012,379			
Dickinson State University								
Selke Hall repurpose	19,000,000		0		0			
Pulver Hall project	4,500,000		0		0			
Extraordinary repairs[3]	409,078		409,078		409,078			
Mayville State University								
Life safety projects	400,000		400,000		0			
Old Main	5,314,841		0		0			
Extraordinary repairs[3]	358,992		358,992		358,992			
Minot State University								
Student Center emergency generators	690,000		690,000		0			
Dome emergency generators	1,130,335		1,130,335		0			
Old Main window replacement	1,066,601		0		0			
Extraordinary repairs[3]	899,620		899,620		899,620			
Valley City State University								
Fine arts building	32,275,887		32,275,887		0			
Life safety projects	2,529,323		2,529,323		0			
Deferred maintenance	1,098,990		0		0			
McCarthy Hall renovation	0	0	0	0		2,900,000	1,000,000	
Extraordinary repairs[3]	408,319		408,319		408,319			
Dakota College at Bottineau								
Nelson Science Center	1,177,758		1,177,758		0			
Back-up boiler	437,492		437,492		0			
Dining facility renovation[6]		2,500,000[6]		0[6]				2,500,000
Extraordinary repairs[3]	114,007		114,007		114,007			
Forest Service								
Extraordinary repairs	62,480		62,480		62,480			
Total	$520,887,783	$241,300,000	$108,378,321	$224,800,000	$11,179,526	$28,575,000	$133,875,000	$120,100,000

[1]Includes projects to be financed with revenue bond proceeds.

[2]The Bismarck State College health sciences facility was not submitted to the State Board of Higher Education for consideration for inclusion in the budget request.

[3]Section 9 of House Bill No. 1003 requires an institution to provide $2 of matching funds from operations or other sources for each $1 of extraordinary repairs funding used for a project.

[4]The Northern Crops Institute project is included in Senate Bill No. 2297 as part of the agriculture products development center project and was not specifically recommended by the State Board of Agricultural Research and Education. The amounts shown for the Northern Crops Institute project represent the difference between the requested amount submitted to the State Board of Higher Education for the agriculture products development center and the amounts included in Senate Bill No. 2297.

[5]The North Dakota State University Main Research Center requested a new agronomic, pathology, and soils field laboratory facility. This request was prioritized by the State Board of Agricultural Research and Education and forwarded to the Governor by the State Board of Higher Education without revision.

[6]The Dakota College at Bottineau dining facility renovation was not submitted to the State Board of Higher Education for consideration for inclusion in the budget request.

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Prepared by the Legislative Council staff
for House Appropriations - E & E
January 28, 2019

HOUSE BILL NO. 1003
LISTING OF PROPOSED CHANGES

Department - North Dakota University System

Proposed funding changes:

	Description	FTE	General Fund	Special Funds	Total
1	Adjust funding for the student financial assistance grant program		?	?	?
2	Provide funding through the higher education funding formula for individual campus building funds ($6 per adjusted student credit hour)		$45,654,006	$0	$45,654,006
3	Reduce funding through the higher education funding formula to recognize campus contributions of $2 per adjusted student credit hour to the campus building fund		($15,218,002)	$0	($15,218,002)
4	Adjust funding to reflect completed student credit hours through the higher education funding formula (includes $6.2 million for SMHS residency program)		$4,439,819	$0	$4,439,819
5	Provide inflationary adjustments through the higher education funding formula		?	?	?
6	Continue the hold harmless clause of the higher education funding formula		$710,879	$0	$710,879
7	Provide funding for the higher education challenge grant program		?	?	?
8	Provide funding for UND SMHS residency program, to provide a total of $10,676,150		$4,507,252	$0	$4,507,252
9	Replace funding for items previously funded from the student loan trust fund		$1,504,744	($1,504,744)	$0
10	Campus capital projects		?	?	?
11	System office and Forest Service compensation adjustments		?	?	?
12	Remove funding for the dual credit instructor assistance program		$0	($200,000)	($200,000)
13	Remove funding for Title II		$0	($1,006,472)	($1,006,472)
14	Transfer the teacher shortage loan forgiveness program to DPI		($2,103,393)	$0	($2,103,393)
15	Reduce funding for capital bond payments		($1,645,878)	$0	($1,645,878)
16	Add funding for DSU Theodore Roosevelt digitization		$750,000	$0	$750,000
17					
	Total proposed funding changes		$38,599,427	($2,711,216)	$35,888,211

Other proposed changes:

1
2
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4

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Testimony to the House Appropriation Committee
Energy and Environment Division
HB 1003
UND Medical School Appropriation
Andrew Alexis Varvel
January 28, 2019

Chairman Monson and Members of the Committee:

My name is Andrew Alexis Varvel. I earned a BA in History and a BS in Geology from the University of North Dakota. I am a scholar of the history of the University of North Dakota, and a resident of Bismarck.

Our state has an excellent opportunity to establish a public library for cord blood from donated umbilical cord tissue so that future generations of people will have adult stem cells on file for medical cures. To ensure the highest level of participation, our state should adopt a policy of presumed consent so this program would be opt-out rather than opt-in. Mothers would have the liberty of not participating, but the benefits of participating would greatly outweigh the costs.

If you are pro-life, establishing the North Dakota Stem Cell Library is critically important not only for ensuring the health of future generations of people, but also for making it a policy to encourage ethical medical technology. In particular, the State of North Dakota can encourage the development of adult stem cell technology while discouraging unethical research into embryonic stem cell lines.

Researchers must be prohibited from patenting any technology based on library samples from the North Dakota Stem Cell Library. The DNA from these samples would be DNA from the people of North Dakota – not something to be patented by private corporations.

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This adult stem cell library could eventually be used to store tissue from endangered species. This could, in turn, allow future industries to manufacture cultivated ivory to undercut poaching of wild elephants and rhinoceroses in Africa. This economic model works. The economy of mid-twentieth century Qatar went into depression once its main industry, pearl diving, was driven out of business by cultivated pearls from Japan. It is my hope that cultivated ivory from North Dakota could eventually force ivory poachers out of business for good.

Just as the Wilson M. Laird Core and Sample Library provided an opportunity to spawn the Bakken oil boom, the North Dakota Stem Cell Library would provide an opportunity to turn our state into a magnet for biomedical research. It has long been my hope that businesses such as Organovo and Pembient would relocate to North Dakota.

Establishing this library would require money and that is why I am here. The UND School of Medicine and Health Sciences would be the natural location for this library. Don't just look upon this cord blood library as a benefaction. Think of it as an investment, an investment in the health of future generations, an investment in the economy of the future. But above all, let's look at this library as an investment that the State of North Dakota can make in the goodness of humanity.

I hope you consider this idea, and thank you for your time.

Andrew Alexis Varvel
2630 Commons Avenue
Bismarck, ND 58503
701-255-6639
mr.a.alexis.varvel@gmail.com

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1/28/2019

Prepared by the Legislative C[redacted]taff
for House Appropriations - E &
January 28, 2019

HOUSE BILL NO. 1003
LISTING OF PROPOSED CHANGES

Department - North Dakota University System

Proposed funding changes:

	Description	FTE	General Fund	Special Funds	Total
1	Reduce NDUS office operations by 5%		($2,731,133)	$0	($2,731,133)
2	Reduce NDUS institutions by 5%		($25,307,427)	$0	($25,307,427)
3	Reduce Forest Service operations		($221,321)	$0	($221,321)
4	Increase academic and CTE scholarships to provide a total of $14,956,552		$2,939,803	$0	$2,939,803
5	Increase funding for tribal college grants to provide a total of $1 million		$400,000	$0	$400,000
6	Add one-time funding from SIIF for online curriculum development grants		$0	$5,000,000	$5,000,000
	Total proposed funding changes		($24,920,078)	$5,000,000	($19,920,078)

Other proposed changes:

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Prepared by the Legislative Council staff
for House Appropriations - E & E
January 28, 2019

HOUSE BILL NO. 1003
LISTING OF PROPOSED CHANGES

Department - North Dakota University System

Proposed funding changes:

	Description	FTE	General Fund	Special Funds	Total
1	Adjust funding for the student financial assistance grant program		?	?	?
2	Provide funding through the higher education funding formula for individual campus building funds ($6 per adjusted student credit hour)		$45,654,006	$0	$45,654,006
3	Reduce funding through the higher education funding formula to recognize campus contributions of $2 per adjusted student credit hour to the campus building fund		($15,218,002)	$0	($15,218,002)
4	Adjust funding to reflect completed student credit hours through the higher education funding formula (includes $6.2 million for SMHS residency program)		$4,439,819	$0	$4,439,819
5	Provide inflationary adjustments through the higher education funding formula		?	?	?
6	Continue the hold harmless clause of the higher education funding formula		$710,879	$0	$710,879
7	Provide funding for the higher education challenge grant program		?	?	?
8	Provide funding for UND SMHS residency program, to provide a total of $10,676,150		$4,507,252	$0	$4,507,252
9	Replace funding for items previously funded from the student loan trust fund		$1,504,744	($1,504,744)	$0
10	Campus capital projects		?	?	?
11	System office and Forest Service compensation adjustments		?	?	?
12	Remove funding for the dual credit instructor assistance program		$0	($200,000)	($200,000)
13	Remove funding for Title II		$0	($1,006,472)	($1,006,472)
14	Transfer the teacher shortage loan forgiveness program to DPI		($2,103,393)	$0	($2,103,393)
15	Reduce funding for capital bond payments		($1,645,878)	$0	($1,645,878)
16	Add funding for DSU Theodore Roosevelt digitization		$750,000	$0	$750,000
17					
	Total proposed funding changes		$38,599,427	($2,711,216)	$35,888,211

Other proposed changes:

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cccc	Native enrollment	316	Non Native 45	Based on $600,000	Based on $1,000,000			
	Federal Funds	7285	0		0			
	Tuition Paid	1500	1500		1500			
	State Reimbursement	0	2790		4651			
	Per Student Tuition	**8785**	**4290**	**-$4,495.00**	6151	-2634		
TMCC	Native enrollment	1029	44					
	Federal Funds	7285	0		0			
	Tuition Paid	888	888		888			
	State Reimbursement	0	2790		4651			
	Per Student Reimbursem	**8173**	**3678**	**-$4,495.00**	5539	-2634		
SBC	Native enrollment	475	50					
	Federal Funds	7285	0		7085			
	Tuition Paid	1800	1800		1800			
	State Reimbursement	0	2790		4651			
	Total Student	**9085**	**4590**	**-$4,495.00**	6151	-2934		
NHSC	Native enrollment	320	44					
	Federal Funds	7285	0					
	Tuition Paid	1800	1800					
	State Reimbursement	0	2790					
	Total Student	**9085**	**4590**	**-$4,495.00**				
						$966,445.00		
UTTC	Native enrollment	395	36			$600,000.00		
	Federal Funds	7285	0					
	Tuition Paid	1800	1800			$1,566,445.00		
	State Reimbursement		2790					
	Total Student	**9085**	**4590**	**-$4,495.00**				

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HIGHER EDUCATION CAPITAL EXPENDITURE REQUESTS FOR THE 2019-21 BIENNIUM

This memorandum provides information regarding higher education capital expenditure requests for the 2019-21 biennium, including capital projects and extraordinary repairs. The executive budget recommendation includes funding from the general fund; strategic investment and improvements fund (SIIF); revenue bonds; and other funds, including grants, gifts, donations, and other local funds. The following schedule provides information regarding requested and recommended appropriations for capital expenditures. The highlighted columns identify appropriations from the state general fund and SIIF.

Institution	Institution Request		State Board of Higher Education Recommendation		Executive Budget Recommendation			
	General Fund	Other Funds[1]	General Fund	Other Funds[1]	General Fund	SIIF	Other Funds	Revenue Bonds
Bismarck State College								
Card access system	$500,000		$500,000		$0			
Health sciences facility[2]	1,000,000[2]	6,000,000	0[2]		0			
Infrastructure improvements	3,000,000		0		0			
Cybersecurity technology center	3,000,000		0		0			
Extraordinary repairs[3]	417,673		417,673		417,673			
Lake Region State College								
Dakota precision agriculture center	3,879,030		0		0			
Extraordinary repairs[3]	155,367		155,367		155,367			
Williston State College								
Extraordinary repairs[3]	197,801		197,801		197,801			
University of North Dakota								
Deferred maintenance	45,000,000		0		0			
Science, technology, engineering, and mathematics building	109,500,000		0		0			
Merrifield Hall renovation	35,000,000		0		0			
Athletics high-performance center		$35,000,000		$35,000,000			$35,000,000	
Memorial Union replacement		80,000,000		80,000,000				$80,000,000
Extraordinary repairs[3]	4,411,566		4,411,566		4,411,566			
North Dakota State University								
Dunbar Hall	51,350,000		51,350,000		0	$25,675,000	25,675,000	
Agriculture products development center	54,000,000		0		0			
Northern Crops Institute project[4]	10,000,000[4]	14,000,000[4]	0[4]	0[4]	0		0	
Engineering complex addition	32,150,000		0		0			
Main Research Center facility[5]	65,000,000[5]		0[5]		0			
Barry Hall renovation		3,000,000		3,000,000			3,000,000	
Indoor practice facility		37,200,000		37,200,000			37,200,000	
Softball facility		2,000,000		2,000,000			2,000,000	
University village		37,600,000		37,600,000				37,600,000
Extraordinary repairs[3]	2,732,244		2,732,244		2,732,244			

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Institution	Institution Request		State Board of Higher Education Recommendation		Executive Budget Recommendation			
	General Fund	Other Funds[1]	General Fund	Other Funds[1]	General Fund	SIIF	Other Funds	Revenue Bonds
North Dakota State College of Science								
Hektner Student Center	6,708,000		6,708,000		0			
Fargo career academy		30,000,000		30,000,000			30,000,000	
Extraordinary repairs[3]	1,012,379		1,012,379		1,012,379			
Dickinson State University								
Selke Hall repurpose	19,000,000		0		0			
Pulver Hall project	4,500,000		0		0			
Extraordinary repairs[3]	409,078		409,078		409,078			
Mayville State University								
Life safety projects	400,000		400,000		0			
Old Main	5,314,841		0		0			
Extraordinary repairs[3]	358,992		358,992		358,992			
Minot State University								
Student Center emergency generators	690,000		690,000		0			
Dome emergency generators	1,130,335		1,130,335		0			
Old Main window replacement	1,066,601		0		0			
Extraordinary repairs[3]	899,620		899,620		899,620			
Valley City State University								
Fine arts building	32,275,887		32,275,887		0			
Life safety projects	2,529,323		2,529,323		0			
Deferred maintenance	1,098,990		0		0			
McCarthy Hall renovation	0	0	0	0		2,900,000	1,000,000	
Extraordinary repairs[3]	408,319		408,319		408,319			
Dakota College at Bottineau								
Nelson Science Center	1,177,758		1,177,758		0			
Back-up boiler	437,492		437,492		0			
Dining facility renovation[6]		2,500,000[6]		0[6]				2,500,000
Extraordinary repairs[3]	114,007		114,007		114,007			
Forest Service								
Extraordinary repairs	62,480		62,480		62,480			
Total	$520,887,783	$241,300,000	$108,378,321	$224,800,000	$11,179,526	$28,575,000	$133,875,000	$120,100,000

[1]Includes projects to be financed with revenue bond proceeds.

[2]The Bismarck State College health sciences facility was not submitted to the State Board of Higher Education for consideration for inclusion in the budget request.

[3]Section 9 of House Bill No. 1003 requires an institution to provide $2 of matching funds from operations or other sources for each $1 of extraordinary repairs funding used for a project.

[4]The Northern Crops Institute project is included in Senate Bill No. 2297 as part of the agriculture products development center project and was not specifically recommended by the State Board of Agricultural Research and Education. The amounts shown for the Northern Crops Institute project represent the difference between the requested amount submitted to the State Board of Higher Education for the agriculture products development center and the amounts included in Senate Bill No. 2297.

[5]The North Dakota State University Main Research Center requested a new agronomic, pathology, and soils field laboratory facility. This request was prioritized by the State Board of Agricultural Research and Education and forwarded to the Governor by the State Board of Higher Education without revision.

[6]The Dakota College at Bottineau dining facility renovation was not submitted to the State Board of Higher Education for consideration for inclusion in the budget request.

A+13
HB 1003
1/28/2019

Prepared by the Legislative Council staff
for House Appropriations - E & E
January 28, 2019

HOUSE BILL NO. 1003
LISTING OF PROPOSED CHANGES

Department - North Dakota University System

Proposed funding changes:

	Description	FTE	General Fund	Special Funds	Total
1	Adjust funding for the student financial assistance grant program (HB 1031)		$1,500,000	$0	$1,500,000
2	Provide funding through the higher education funding formula for individual campus building funds ($4 per adjusted student credit hour)		$30,436,004	$0	$30,436,004
3	Adjust funding to reflect completed student credit hours through the higher education funding formula		$4,439,819	$0	$4,439,819
4	Provide inflationary adjustments through the higher education funding formula		?	?	?
5	Continue the hold harmless clause of the higher education funding formula (HB 1030)		$710,879	$0	$710,879
6	Provide funding for the higher education challenge grant program (Legacy Fund)		$10,000,000	$0	$10,000,000
7	Provide funding for UND SMHS residency program, to provide a total of $10,676,150 for 35 residency positions		$4,507,252	$0	$4,507,252
8	Replace funding for PSEP ($465,307) and tribal college grants ($400,000) previously funded from the student loan trust fund		$865,307	($1,504,744)	($639,437)
9	Campus capital projects (See 19.9526.01000)		?	?	?
10	System office and Forest Service compensation adjustments (2% & 2% and full health)		$1,205,449	$488,702	$1,694,151
11	Remove funding for the dual credit instructor assistance program		$0	($200,000)	($200,000)
12	Remove funding for Title II		$0	($1,006,472)	($1,006,472)
13	Transfer the teacher shortage loan forgiveness program to DPI		($2,103,393)	$0	($2,103,393)
14	Reduce funding for capital bond payments		($1,645,878)	$0	($1,645,878)
15	Add funding for DSU Theodore Roosevelt digitization		$750,000	$0	$750,000
16	Add 16 SMHS residency positions		$2,500,000	$0	$2,500,000
17					$0
18					$0
	Total proposed funding changes		$53,165,439	($2,222,514)	$50,942,925

Other proposed changes:

1. Study of stem cell research at SMHS?
2. Create century code to establish a separate $4 funding amount through the formula specifically for the campus building funds?
3. Require campus matching funds of $2 for the $4 provided by the state through the formula for the campus building funds?
4. Repeal NDCC 15-10-61 relating to the dual-credit instructor assistance pilot program.

HIGHER EDUCATION CAPITAL EXPENDITURE REQUESTS FOR THE 2019-21 BIENNIUM

This memorandum provides information regarding higher education capital expenditure requests for the 2019-21 biennium, including capital projects and extraordinary repairs. The executive budget recommendation includes funding from the general fund; strategic investment and improvements fund (SIIF); revenue bonds; and other funds, including grants, gifts, donations, and other local funds. The following schedule provides information regarding requested and recommended appropriations for capital expenditures. The highlighted columns identify appropriations from the state general fund and SIIF.

Institution	Institution Request		State Board of Higher Education Recommendation		Executive Budget Recommendation			
	General Fund	Other Funds[1]	General Fund	Other Funds[1]	General Fund	SIIF	Other Funds	Revenue Bonds
Bismarck State College								
Card access system	$500,000		$500,000		$0			
Health sciences facility[2]	21,000,000[2]	6,000,000	0[2]		0			
Infrastructure improvements	3,000,000		0		0			
Cybersecurity technology center	3,000,000		0		0			
Extraordinary repairs[3]	417,673		417,673		417,673			
Lake Region State College								
Dakota precision agriculture center	3,879,030		0		0			
Extraordinary repairs[3]	155,367		155,367		155,367			
Williston State College								
Extraordinary repairs[3]	197,801		197,801		197,801			
University of North Dakota								
Deferred maintenance	45,000,000		0		0			
Science, technology, engineering, and mathematics building	109,500,000		0		0			
Merrifield Hall renovation	35,000,000		0		0			
Athletics high-performance center		$35,000,000		$35,000,000			$35,000,000	
Memorial Union replacement		80,000,000		80,000,000				$80,000,000
Extraordinary repairs[3]	4,411,566		4,411,566		4,411,566			
North Dakota State University								
Dunbar Hall	51,350,000		51,350,000		0	$25,675,000	25,675,000	
Agriculture products development center	54,000,000		0		0			
Northern Crops Institute project[4]	10,000,000[4]	14,000,000[4]	0[4]	0[4]	0		0	
Engineering complex addition	32,150,000		0		0			
Main Research Center facility[5]	65,000,000[5]		0[5]		0			
Barry Hall renovation		3,000,000		3,000,000			3,000,000	
Indoor practice facility		37,200,000		37,200,000			37,200,000	
Softball facility		2,000,000		2,000,000			2,000,000	
University village		37,600,000		37,600,000				37,600,000
Extraordinary repairs[3]	2,732,244		2,732,244		2,732,244			

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Institution	Institution Request		State Board of Higher Education Recommendation		Executive Budget Recommendation			
	General Fund	Other Funds[1]	General Fund	Other Funds[1]	General Fund	SIIF	Other Funds	Revenue Bonds
North Dakota State College of Science								
Hektner Student Center	6,708,000		6,708,000		0			
Fargo career academy		30,000,000		30,000,000			30,000,000	
Extraordinary repairs[3]	1,012,379		1,012,379		1,012,379			
Dickinson State University								
Selke Hall repurpose	19,000,000		0		0			
Pulver Hall project	4,500,000		0		0			
Extraordinary repairs[3]	409,078		409,078		409,078			
Mayville State University								
Life safety projects	400,000		400,000		0			
Old Main	5,314,841		0		0			
Extraordinary repairs[3]	358,992		358,992		358,992			
Minot State University								
Student Center emergency generators	690,000		690,000		0			
Dome emergency generators	1,130,335		1,130,335		0			
Old Main window replacement	1,066,601		0		0			
Extraordinary repairs[3]	899,620		899,620		899,620			
Valley City State University								
Fine arts building	32,275,887		32,275,887		0			
Life safety projects	2,529,323		2,529,323		0			
Deferred maintenance	1,098,990		0		0			
McCarthy Hall renovation	0	0	0	0		2,900,000	1,000,000	
Extraordinary repairs[3]	408,319		408,319		408,319			
Dakota College at Bottineau								
Nelson Science Center	1,177,758		1,177,758		0			
Back-up boiler	437,492		437,492		0			
Dining facility renovation[6]		2,500,000[6]		0[6]				2,500,000
Extraordinary repairs[3]	114,007		114,007		114,007			
Forest Service								
Extraordinary repairs	62,480		62,480		62,480			
Total	$520,887,783	$241,300,000	$108,378,321	$224,800,000	$11,179,526	$28,575,000	$133,875,000	$120,100,000

[1]Includes projects to be financed with revenue bond proceeds.

[2]The Bismarck State College health sciences facility was not submitted to the State Board of Higher Education for consideration for inclusion in the budget request.

[3]Section 9 of House Bill No. 1003 requires an institution to provide $2 of matching funds from operations or other sources for each $1 of extraordinary repairs funding used for a project.

[4]The Northern Crops Institute project is included in Senate Bill No. 2297 as part of the agriculture products development center project and was not specifically recommended by the State Board of Agricultural Research and Education. The amounts shown for the Northern Crops Institute project represent the difference between the requested amount submitted to the State Board of Higher Education for the agriculture products development center and the amounts included in Senate Bill No. 2297.

[5]The North Dakota State University Main Research Center requested a new agronomic, pathology, and soils field laboratory facility. This request was prioritized by the State Board of Agricultural Research and Education and forwarded to the Governor by the State Board of Higher Education without revision.

[6]The Dakota College at Bottineau dining facility renovation was not submitted to the State Board of Higher Education for consideration for inclusion in the budget request.

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House Appropriations Committee - Education and Environmental Division HB1003

	Tier 1 Extraordinary Repairs			Tier 2 Capital Building Fund				Tier 3 Challenge Grant			
Institution	Base Funding Formula allocated to Extraordinary Repairs (General Funds)	2 for 1 Institution Match (Special Funds)	Tier 1 Appropriation & Required Match	2015-2017 Adjusted SCH	Institution Match at $2 per ASCH (Special Funds)	Capital Building Fund at $4 per ASCH (General Funds)	Tier 2 at $4 per ASCH and $2 Institution Match	Challenge Grant	2 for 1 Match	Total Challenge Grant	Totals
BSC	417,673	835,346	1,253,019	320,093	640,186	1,280,372	1,920,558	1,000,000	2,000,000	3,000,000	6,173,577
DCB	114,007	228,014	342,021	79,753	159,506	319,012	478,518	1,000,000	2,000,000	3,000,000	3,820,539
LRSC	155,367	310,734	466,101	133,374	266,748	533,496	800,244	1,000,000	2,000,000	3,000,000	4,266,345
NDSCS	1,012,379	2,024,758	3,037,137	376,489	752,978	1,505,956	2,258,934	1,000,000	2,000,000	3,000,000	8,296,071
WSC	197,801	395,602	593,403	103,727	207,454	414,908	622,362	1,000,000	2,000,000	3,000,000	4,215,765
DSU	409,078	818,156	1,227,234	202,166	404,332	808,664	1,212,996	1,000,000	2,000,000	3,000,000	5,440,230
MASU	358,992	717,984	1,076,976	180,486	360,972	721,944	1,082,916	1,000,000	2,000,000	3,000,000	5,159,892
MISU	899,620	1,799,240	2,698,860	430,708	861,416	1,722,832	2,584,248	1,000,000	2,000,000	3,000,000	8,283,108
VCSU	408,319	816,638	1,224,957	232,450	464,900	929,800	1,394,700	1,000,000	2,000,000	3,000,000	5,619,657
NDSU	2,732,244	5,464,488	8,196,732	2,180,302	4,360,604	8,721,208	13,081,812	5,500,000	11,000,000	16,500,000	37,778,544
UND	4,411,566	8,823,132	13,234,698	3,279,783	6,559,566	13,119,132	19,678,698	5,500,000	11,000,000	16,500,000	49,413,396
TOTAL	**11,117,046**	**22,234,092**	**33,351,138**	**7,519,331**	**15,038,662**	**30,077,324**	**45,115,986**	**20,000,000**	**40,000,000**	**60,000,000**	**138,467,124**

Institution Capital Funding Options

State General Funds

North Dakota Building Authority Bonds - State of ND has $213 million of available bonding capacity.

Revenue bonds for housing, dining, student union and other facilities or projects.

Proposed Senate Bill 2297 - ND Building Authority Bonds of $151,700,000- NDSU- Dunbar Hall $51,200,000; VCSU Communications & Fine Arts Center $32,000,000; NDSU Agriculture products development center and NCI project $64,000,000; DSU Pulver Hall project $4,500,000.

Proposed Senate Bill 2275 -Establishes a essential infrastructure revolving loan fund. Institutions may borrow through Bank of North Dakota up to $25,000,000, maximum term is 30 years with an interest rate not to exceed 2% for Infrastructure projects(sewer & water lines, storm water infrastructure including curb and gutter construction and road infrastructure. $500,000,000 in bonding authority is available to finance the essential infrastructure revolving loan fund for up to 20 years.

Private gifts and donations through institution foundations.

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2018 NDUS Capital Project Ranking Worksheet

State General Fund (GF) Project Requests

SBHE Rank	Institution	Project Title	Cost	Funding Source	Project Type			Institution Priority	Deferred Maintenance Reduction	Projects Running Total	Deferred Maintenance Running Total
					Program & Enrollment Driven Needs	Deferred Maintenance	Life Safety Issues				
1	VCSU	Fine Arts Building	$ 32,275,887	GF	20%	40%	40%	1	12,910,355	$ 32,275,887	12,910,355
2	NDSU	Dunbar	51,350,000	GF	5%	35%	60%	1	17,972,500	83,625,887	30,882,855
3	VCSU	Life Safety Projects	2,529,323	GF			100%	2	-	86,155,210	30,882,855
4	BSC	Card Access System	500,000	GF			100%	3	-	86,655,210	30,882,855
5	MiSU	Dome Wellness Emergency Generators	1,130,335	GF			100%	1	-	87,785,545	30,882,855
6	MiSU	Student Center Emergency Generators	690,000	GF			100%	2	-	88,475,545	30,882,855
7	DCB	Nelson Science Center PH 2	1,177,758	GF		50%	50%	1	588,879	89,653,303	31,471,734
8	DCB	Back-up Boiler	437,492	GF		50%	50%	2	218,746	90,090,795	31,690,480
9	MaSU	Deferred Maintenance/Life Safety	400,000	GF		75%	25%	2	300,000	90,490,795	31,990,480
10	NDSCS	Hektner Student Center Improvements	6,708,000	GF	25%	50%	25%	1	3,354,000	97,198,795	35,344,480
11	UND	Deferred Maintenance	45,000,000	GF		89%	11%	3	40,050,000	142,198,795	75,394,480
12	NDSU	Ag Products Development Center	54,000,000	GF	10%	75%	15%	2	40,500,000	196,198,795	115,894,480
13	BSC	Infrastructure Improvements	3,000,000	GF		100%		2	3,000,000	199,198,795	118,894,480
14	MiSU	Old Main Window Replacement	1,066,601	GF		100%		3	1,066,601	200,265,396	119,961,081
15	VCSU	Deferred Maintenance Projects	1,098,990	GF		100%		3	1,098,990	201,364,386	121,060,071
16	UND	STEM Building	109,500,000	GF	27%	68%	5%	2	74,460,000	310,864,386	195,520,071
17	UND	Merrifield Hall Renovation	35,000,000	GF	51%	45%	4%	1	15,750,000	345,864,386	211,270,071
18	NDSU	Engineering 2	32,150,000	GF	70%	20%	10%	3	6,430,000	378,014,386	217,700,071
19	MaSU	Old Main Phase 1	5,314,841	GF	55%	45%		1	2,391,678	383,329,227	220,091,749
20	DSU	Selke Hall Repurpose	19,000,000	GF	67%	27%	6%	1	5,130,000	402,329,227	225,221,749
21	BSC	Cyber Security Tech Center Addition	3,000,000	GF	100%			1	-	405,329,227	225,221,749
22	LRSC	Dakota Precision Ag Center	3,879,030	GF	100%			1	-	409,208,257	225,221,749
		Total General Fund	**$ 409,208,257**						**$ 225,221,749**		

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HB 1003
1/30/2019

Prepared by the Legislative Council staff
for House Appropriations - E & E
January 30, 2019

HOUSE BILL NO. 1003
LISTING OF PROPOSED CHANGES

Department - North Dakota University System

Proposed funding changes:

	Description	FTE	General Fund	Special Funds	Total
1	Base payroll adjustments	(157.89)	$776	($14,023,454)	($14,022,678)
2	NDUS office and Forest Service compensation adjustments (2% & 2% and full health)		$1,205,449	$488,702	$1,694,151
3	NDUS institutions compensation adjustments (2% & 2% and full health)		$18,240,348	$36,498,650	$54,738,998
4	Adjust funding to reflect completed student credit hours through the higher education funding formula		$4,439,819	$0	$4,439,819
5	Continue the hold harmless clause of the higher education funding formula (HB 1030)		$710,879	$0	$710,879
6	Provide funding for UND SMHS residency program, to provide a total of $10,676,150 for 35 residency positions		$4,507,252	$0	$4,507,252
7	Replace funding for PSEP ($465,307) and tribal college grants ($400,000) previously funded from the student loan trust fund		$865,307	($1,504,744)	($639,437)
8	Provide funding for the higher education challenge grant program (Legacy Fund)		$10,000,000	$0	$10,000,000
9	Add funding for DSU Theodore Roosevelt digitization		$750,000	$0	$750,000
10	Increase funding for the student financial assistance grant program (HB 1031)		$1,500,000	$0	$1,500,000
11	Remove funding for Title II		$0	($1,006,472)	($1,006,472)
12	Transfer the teacher shortage loan forgiveness program to DPI		($2,103,393)	$0	($2,103,393)
13	Remove funding for the dual credit instructor assistance program		$0	($200,000)	($200,000)
14	Reduce funding for capital bond payments		($1,645,878)	$0	($1,645,878)
15a	Provide "Tier II" funding through the higher education funding formula for individual campus building funds ($4 state plus $2 match per adjusted student credit hour)		$30,077,324	$15,038,662	$45,115,986
15b	Campus capital projects (See listing of proposed capital projects)		$33,116,667	$237,033,333	$270,150,000
	Total proposed funding changes	(157.89)	$101,664,550	$272,324,677	$373,989,227

Other proposed changes:

1. Study of stem cell research at SMHS?
2. Create century code to establish a separate $4 funding amount through the formula specifically for the campus building funds?
3. Require campus matching funds of $2 for the $4 provided by the state through the formula for the campus building funds?
4. Repeal NDCC 15-10-61 relating to the dual-credit instructor assistance pilot program.
5. Adjust formula weighting factor to transfer SMHS residency program funding from the formula to a separate ongoing line item.
6. Adjust the challenge grant program to allow for building projects?
7. Adjust the student financial assistance grant program maximum award amount (HB 1031).

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HB 1003
1/30/2019

Prepared by the Legislative Council staff
for House Appropriations - E & E
January 30, 2019

HOUSE BILL NO. 1003
LISTING OF PROPOSED CAPITAL PROJECTS

Department - North Dakota University System

Proposed funding changes:

	Description	FTE	General Fund	Special Funds	Total
1	BSC health sciences facility		$15,000,000	$6,000,000	$21,000,000
2	LRSC Dakota precision agriculture center		$1,000,000	$2,000,000	$3,000,000
3	UND athletics high performance center		$0	$35,000,000	$35,000,000
4	UND Memorial Union replacement (revenue bonds - student fees)		$0	$80,000,000	$80,000,000
5	NDSU Dunbar Hall		$17,116,667	$34,233,333	$51,350,000
6	NDSU Barry Hall renovation		$0	$3,000,000	$3,000,000
7	NDSU indoor practice facility		$0	$37,200,000	$37,200,000
8	NDSU softball facility		$0	$2,000,000	$2,000,000
9	NDSU University Village phase II (revenue bonds)		$0	$37,600,000	$37,600,000
10	VCSU capital projects				$0
11	DCB capital projects				$0
12					$0
13					$0
14					$0
15					$0
16					$0
17	Proposed "Tier 2" funding of $4 per credit through the funding formula ($30.1 million) with $2 match from the campuses ($15 million)				$0
18	"Tier 1" - Extraordinary repairs - Base budget - $11,179,526 plus a $2-$1 match				$0
	Total proposed funding changes		$33,116,667	$237,033,333	$270,150,000

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House Appropriations - Education and Environment

Proposed adjustments to base budgets as of 12:00 noon on January 30, 2019

Bill No.	Primary Agency	General Fund	General Fund (Legacy Fund Earnings)	SIIF	Total
1003	North Dakota University System	$61,587,226 [1]	$10,000,000 [2]	$0	$71,587,226
1009	State Fair	0	0	0	0
1016	Job Service ND	(15,372)	0	0	(15,372)
1018	Department of Commerce	138,440	50,000,000 [3]	30,000,000 [4]	80,138,440
1019	Career and Technical Education	6,086,853	0	0	6,086,853
1020	Agricultural Research and Extension	1,284,854	0	1,440,465 [5]	2,725,319
	TOTAL	$69,082,001	$60,000,000	$31,440,465	$160,522,466

[1]The proposed general fund adjustment for the University System includes $33.1 million for campus capital projects, including Dunbar Hall at NDSU, a precision agriculture facility at LRSC, and a health sciences facility at BSC.

[2]The proposed legacy fund earnings appropriation for the University System is for the higher education challenge grant program.

[3]The proposed legacy fund earnings appropriation for the Department of Commerce is for the Theodore Roosevelt Presidential Library grant.

[4]The proposed SIIF appropriation for the Department of Commerce is for beyond visual line of sight projects, enhanced use lease grants at Grand Sky, and a UAS test site.

[5]The proposed SIIF appropriation for the NDSU main research center is for various extraordinary repairs.

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House Appropriations Committee - Education and Environmental Division HB1003

	Tier 1 Extraordinary Repairs			Tier 2 Capital Building Fund				Tier 3 Challenge Grant			
Institution	Base Funding Formula allocated to Extraordinary Repairs (General Funds)	2 for 1 Institution Match (Special Funds)	Tier 1 Appropriation & Required Match	2015-2017 Adjusted SCH	Institution Match at 1 to 1 (Special Funds)	Capital Building Fund at $10M BND funds and $8.6M Tuition Funds	Tier 2 at $4 per ASCH and $2 Institution Match	Challenge Grant	2 for 1 Match	Total Challenge Grant	Totals
BSC	417,673	835,346	1,253,019	320,093	839,572	839,572	1,679,143	500,000	1,000,000	1,500,000	4,432,162
DCB	114,007	228,014	342,021	79,753	178,857	178,857	357,715	500,000	1,000,000	1,500,000	2,199,736
LRSC	155,367	310,734	466,101	133,374	314,150	314,150	628,301	500,000	1,000,000	1,500,000	2,594,402
NDSCS	1,012,379	2,024,758	3,037,137	376,489	769,026	769,026	1,538,053	500,000	1,000,000	1,500,000	6,075,190
WSC	197,801	395,602	593,403	103,727	217,916	217,916	435,832	500,000	1,000,000	1,500,000	2,529,235
DSU	409,078	818,156	1,227,234	202,166	478,840	478,840	957,680	500,000	1,000,000	1,500,000	3,684,914
MASU	358,992	717,984	1,076,976	180,486	416,933	416,933	833,867	500,000	1,000,000	1,500,000	3,410,843
MISU	899,620	1,799,240	2,698,860	430,708	1,021,455	1,021,455	2,042,909	500,000	1,000,000	1,500,000	6,241,769
VCSU	408,319	816,638	1,224,957	232,450	514,365	514,365	1,028,729	500,000	1,000,000	1,500,000	3,753,686
NDSU	2,732,244	5,464,488	8,196,732	2,180,302	6,234,730	6,234,730	12,469,459	2,250,000	4,500,000	6,750,000	27,416,191
UND	4,411,566	8,823,132	13,234,698	3,279,783	7,663,421	7,663,421	15,326,843	2,250,000	4,500,000	6,750,000	35,311,541
TOTAL	**11,117,046**	**22,234,092**	**33,351,138**	**7,519,331**	**18,649,265**	**18,649,265**	**37,298,530**	**9,000,000**	**18,000,000**	**27,000,000**	**97,649,668**

Institution Capital Funding Options
State General Funds
North Dakota Building Authority Bonds - State of ND has $213 million of available bonding capacity.
Revenue bonds for housing, dining, student union and other facilities or projects.
Proposed Senate Bill 2297 - ND Building Authority Bonds of $151,700,000- NDSU- Dunbar Hall $51,200,000; VCSU Communications & Fine Arts Center $32,000,000; NDSU Agriculture products development center and NCI project $64,000,000; DSU Pulver Hall project $4,500,000.
Proposed Senate Bill 2275 -Establishes a essential infrastructure revolving loan fund. Institutions may borrow through Bank of North Dakota up to $25,000,000, maximum term is 30 years with an interest rate not to exceed 2% for Infrastructure projects(sewer & water lines, storm water infrastructure including curb and gutter construction and road infrastructure. $500,000,000 in bonding authority is available to finance the essential infrastructure revolving loan fund for up to 20 years.
Private gifts and donations through institution foundations.

Prepared by the Legislative Council
for House Appropriations - E & E
February 1, 2019

Aft 1 HB1003 2/1/2019

HOUSE BILL NO. 1003
LISTING OF PROPOSED CHANGES

Department - North Dakota University System

Proposed funding changes:

	Description	FTE	General Fund	Special Funds	Total
1	Base payroll adjustments	(157.89)	$776	($14,023,454)	($14,022,678)
2	NDUS office and Forest Service compensation adjustments (2% & 2% and full health)		$1,205,449	$488,702	$1,694,151
3	NDUS institutions compensation adjustments (2% & 2% and full health)		$18,240,348	$36,498,650	$54,738,998
4	Adjust funding to reflect completed student credit hours through the higher education funding formula		$4,439,819	$0	$4,439,819
5	Continue the hold harmless clause of the higher education funding formula (HB 1030)		$710,879	$0	$710,879
6	Provide funding for UND SMHS residency program, to provide a total of $10,676,150 for 35 residency positions		$4,507,252	$0	$4,507,252
7	Replace funding for PSEP ($465,307) and tribal college grants ($400,000) previously funded from the student loan trust fund		$865,307	($1,504,744)	($639,437)
8	Provide funding for the higher education challenge grant program (Legacy Fund earnings)		$5,000,000	$0	$5,000,000
9	Add funding for DSU Theodore Roosevelt digitization		$250,000	$0	$250,000
10	Restore funding for the Midwestern Higher Education Compact (MHEC)		$230,000	$0	$230,000
11	Remove funding for Title II		$0	($1,006,472)	($1,006,472)
12	Transfer the teacher shortage loan forgiveness program to DPI		($2,103,393)	$0	($2,103,393)
13	Remove funding for the dual credit instructor assistance program		$0	($200,000)	($200,000)
14	Reduce funding for capital bond payments		($1,645,878)	$0	($1,645,878)
15	Add funding to increase student financial assistance grants from $1,950 to $2,200 per year (HB 1031)		$2,000,000	$0	$2,000,000
16a	Provide "Tier II" funding through the higher education funding formula for individual campus building funds ($4 state plus $2 match per adjusted student credit hour)		$30,077,324	$15,038,662	$45,115,986
16b	Campus capital projects (See listing of proposed capital projects)		$33,116,667	$237,033,333	$270,150,000
	Total proposed funding changes	(157.89)	$96,894,550	$272,324,677	$369,219,227

Other proposed changes:

1. Provide for a Legislative Management optional study of the feasibility and desirability of conducting stem cell research at SMHS.
2. Create century code to establish a separate $4 funding amount through the formula specifically for the campus building funds. (16a)
3. Require campus matching funds of $2 for the $4 provided by the state through the formula for the campus building funds. (16a)
4. Adjust the challenge grant program to allow for building projects. (Tier III)
5. Adjust formula weighting factor to transition SMHS residency program funding from the formula to a separate ongoing line item.
6. Amend Sections 15-10-48 and 15-10-49 relating to the higher education challenge grant programs to adjust the amounts available to each institution. (8)
7. Restore MHEC language from Chapter 15-10.2, which was repealed by the 2017 Legislative Assembly. (10)
8. Repeal Section 15-10-61 relating to the dual-credit instructor assistance pilot program. (13)
9. Add NDCC language from HB Nos. 1030, 1031, and 1122, relating to extending the funding formula hold harmless clause, increased student financial assistance grants, and CTE and academic scholarships for dual credit students. (5, 15)

P. 1

Prepared by the Legislative Council staff
for House Appropriations - E & E
February 4, 2019

Att 1
HB 1003
2/4/2019

HOUSE BILL NO. 1003
LISTING OF PROPOSED CHANGES

Department - North Dakota University System

Proposed funding changes:

	Description	FTE	General Fund	Special Funds	Total
1	Base payroll adjustments	(157.89)	$776	($14,023,454)	($14,022,678)
2	NDUS office and Forest Service compensation adjustments (2% & 2% and full health)		$1,205,449	$488,702	$1,694,151
3	NDUS institutions compensation adjustments (2% & 2% and full health)		$18,240,348	$36,498,650	$54,738,998
4	Adjust funding to reflect completed student credit hours through the higher education funding formula		$4,439,819	$0	$4,439,819
5	Continue the hold harmless clause of the higher education funding formula (HB 1030)		$710,879	$0	$710,879
6	Provide funding for UND SMHS residency program, to provide a total of $10,676,150 for 35 residency positions		$4,507,252	$0	$4,507,252
7	Replace funding for PSEP ($465,307) and tribal college grants ($400,000) previously funded from the student loan trust fund		$865,307	($1,504,744)	($639,437)
8	Provide funding for the higher education challenge grant program (including $5 million from Legacy Fund earnings)		$9,000,000	$0	$9,000,000
9	Add funding for DSU Theodore Roosevelt digitization		$250,000	$0	$250,000
10	Restore funding for the Midwestern Higher Education Compact (MHEC)		$230,000	$0	$230,000
11	Remove funding for Title II		$0	($1,006,472)	($1,006,472)
12	Transfer the teacher shortage loan forgiveness program to DPI		($2,103,393)	$0	($2,103,393)
13	Remove funding for the dual credit instructor assistance program		$0	($200,000)	($200,000)
14	Reduce funding for capital bond payments		($1,645,878)	$0	($1,645,878)
15	Add funding to increase student financial assistance grants from $1,950 to $2,200 per year (HB 1031)		$2,000,000	$0	$2,000,000
16a	Provide "Tier II" funding for capital building funds			$37,297,110	$37,297,110
17	Campus capital projects (See listing of proposed capital projects)		$16,000,000	$203,800,000	$219,800,000
	Total proposed funding changes	(157.89)	$53,700,559	$261,349,792	$315,050,351

Other proposed changes:

1 Add NDCC language from HB No. 1122, relating to CTE and academic scholarships for dual credit students.
2 Adjust the challenge grant program to allow for building projects. (Tier III)
3 Adjust formula weighting factor to transition SMHS residency program funding from the formula to a separate ongoing line item.
4 Amend Sections 15-10-48 and 15-10-49 relating to the higher education challenge grant programs to adjust the amounts available to each institution. (8)
5 Restore MHEC language from Chapter 15-10.2, which was repealed by the 2017 Legislative Assembly. (10)
6 Repeal Section 15-10-61 relating to the dual-credit instructor assistance pilot program. (13)
7 Add NDCC language from HB Nos. 1030, 1031, and 1122, relating to extending the funding formula hold harmless clause, increased student financial assistance grants, and CTE and academic scholarships for dual credit students. (5, 15)

SECTION 19. TRANSFER - CAPITAL BUILDING FUNDS - ESTIMATED INCOME - BANK OF NORTH DAKOTA PROFITS - MATCHING FUNDS. The industrial commission shall transfer to institutions under the control of the state board of higher education a total of $10,000,000, or so much of the sum as may be necessary, from the current earnings and accumulated undivided profits of the Bank of North Dakota during the biennium beginning July 1, 2019, and ending June 30, 2021, as requested by the state commissioner of higher education. The capital building fund and estimated income line items in subdivisions 2 through 12 of section 1 of this Act include $10,000,000 from the current earnings and accumulated undivided profits of the Bank of North Dakota and $8,648,555 generated from a one percent per year increase in tuition, as follows for each institution:

	Bank of North Dakota	Estimated Tuition Increase
Bismarck state college	$425,693	$413,848
Lake Region state college	177,375	136,763
Williston state college	137,947	79,959
University of North Dakota	4,361,801	3,334,928
North Dakota state university	2,899,596	3,301,310
North Dakota state college of science	500,695	268,296
Dickinson state university	268,862	209,959
Mayville state university	240,029	176,887
Minot state university	572,801	448,613
Valley City state university	309,137	205,206
Dakota college at Bottineau	106,064	72,786
Total	$10,000,000	$8,648,555

An institution shall provide one dollar of matching funds from operations or other sources for each one dollar from Bank of North Dakota profits and for each one dollar generated from the one percent per year increase in tuition deposited in each institution's capital building fund.

SECTION 20. CAPITAL BUILDING FUNDS - PROJECT AUTHORIZATION - USES. North Dakota state university is authorized to use up to $51,350,000 from its capital building fund for the dunbar hall project. Lake Region state college is authorized to use up to $3,000,000 from its capital building fund for the precision agriculture center project. Each institution in subdivisions 2 through 12 of section 1 of this Act may use moneys from its capital building fund for extraordinary repairs and deferred maintenance projects which do not exceed $700,000 and do not increase the square footage of a building.

SECTION 21. TUITION RATE INCREASE LIMITATION - BUDGET SECTION APPROVAL.

1. Except as provided in this section, notwithstanding any other provision of law, the state board of higher education may not increase tuition rates for resident students attending institutions of higher education under its control during the 2019-20 academic year by more than three percent as compared to the tuition rate in effect during the 2019 spring semester unless the board receives prior budget section approval. The budget section shall consider....

2. Except as provided in this section, notwithstanding any other provision of law, the state board of higher education may not increase tuition rates for resident students attending institutions of higher education under its control during the 2020-21 academic year by more than three percent as compared to the tuition rate in effect during the 2020 spring semester unless the board receives prior budget section approval. The budget section shall consider....

3. This section does not apply to tuition rates charged for graduate level programs, including programs offered through the university of North Dakota school of medicine and health sciences, the university of North Dakota school of law, or the North Dakota state university school of pharmacy.

4. This section does not apply to tuition rates for nonresident students attending institutions of higher education under the control of the state board of higher education. For purposes of this section, the residency of students for tuition purposes must be determined under section 15-10-19.1.

5. This section does not apply to tuition rates determined under tuition reciprocity agreements entered into by the state board of higher education with other states or state education compacts.

6. For purposes of this section, an institution must calculate a resident tuition rate increase based on the tuition rate paid by an average full-time resident student. The state board of higher education may exclude adjustments to a tuition rate resulting from a change in an institution's method of charging tuition, including the consolidation of existing fees into tuition rates or charging tuition based on a per-credit rate, from tuition rate calculations under this section.

7. The state board of higher education may increase tuition rates for resident students attending institutions of higher education under its control during the 2019-20 academic year by an additional one percent as compared to the tuition rate in effect during the 2019 spring semester if the institution has provided matching funds from operations or other sources for each one dollar generated from the one percent increase in tuition, to be deposited in each institution's capital building fund.

8. The state board of higher education may increase tuition rates for resident students attending institutions of higher education u`nder its control during the 2020-21 academic year by an additional one percent as compared to the tuition rate in effect during the 2020 spring semester if the institution has provided matching funds from operations or other sources for each one dollar generated from the one percent increase in tuition, to be deposited in each institution's capital building fund.

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SECTION 6. AMENDMENT. Section 15-10-53 of the North Dakota Century Code is amended and reenacted as follows:

15-10-53. Definition.

For purposes of sections 15-10-48 through 15-10-52, projects dedicated to the advancement of enhanced academics include investments in research, scholarships, technology, endowed chairs, and investments in educational infrastructure, but exclude scholarships and capital projects intended solely for the benefit of athletics~~, campus facility repair projects, and new capital construction projects~~.

Att 4
HB 1003
2/4/2019

Prepared by the Legislative Council staff
for House Appropriations - E & E
February 4, 2019

HOUSE BILL NO. 1003
LISTING OF PROPOSED CAPITAL PROJECTS

Department - North Dakota University System

Proposed funding changes:

	Description	FTE	General Fund	Special Funds	Total
1	BSC health sciences facility		$15,000,000	$6,000,000	$21,000,000
2	LRSC Dakota precision agriculture center		$0	$3,000,000	$3,000,000
3	UND athletics high performance center		$0	$35,000,000	$35,000,000
4	UND Memorial Union replacement (revenue bonds - student fees)		$0	$80,000,000	$80,000,000
5	NDSU Dunbar Hall				$0
6	NDSU Barry Hall renovation		$0	$3,000,000	$3,000,000
7	NDSU indoor practice facility		$0	$37,200,000	$37,200,000
8	NDSU softball facility		$0	$2,000,000	$2,000,000
9	NDSU University Village phase II (revenue bonds)		$0	$37,600,000	$37,600,000
10	VCSU capital projects				$0
11	DCB capital projects				$0
12					$0
13					$0
14					$0
15					$0
16					$0
17	Proposed "Tier 2" funding of $4 per credit through the funding formula ($30.1 million) with $2 match from the campuses ($15 million)				$0
18	"Tier 1" - Extraordinary repairs - Base budget - $11,179,526 plus a $2-$1 match				$0
	Total proposed funding changes		$15,000,000	$203,800,000	$218,800,000

Att 1
HB 1003
2/5/2019

Prepared by the Legislative Council staff
for House Appropriations - E &
February 5, 2019

HOUSE BILL NO. 1003
LISTING OF PROPOSED CHANGES

Department - North Dakota University System

Proposed funding changes:

	Description	FTE	General Fund	Special Funds	Total
1	Base payroll adjustments	(157.89)	$776	($14,023,454)	($14,022,678)
2	NDUS office and Forest Service compensation adjustments (2% & 2% and full health)		$1,205,450	$488,701	$1,694,151
3	NDUS institutions compensation adjustments (2% & 2% and full health)		$18,421,772	$36,498,650	$54,920,422
4	Adjust funding to reflect completed student credit hours through the higher education funding formula		$4,439,819	$0	$4,439,819
5	Continue the hold harmless clause of the higher education funding formula (HB 1030)		$710,879	$0	$710,879
6	Provide funding for UND SMHS residency program, to provide a total of $10,676,150 for 35 residency positions		$4,507,252	$0	$4,507,252
7	Replace funding for PSEP ($465,307) and tribal college grants ($400,000) previously funded from the student loan trust fund		$865,307	($1,504,744)	($639,437)
8	Add funding for DSU Theodore Roosevelt digitization		$250,000	$0	$250,000
9	Restore funding for the Midwestern Higher Education Compact (MHEC)		$230,000	$0	$230,000
10	Remove funding for Title II		$0	($1,006,472)	($1,006,472)
11	Transfer the teacher shortage loan forgiveness program to DPI		($2,103,393)	$0	($2,103,393)
12	Remove funding for the dual credit instructor assistance program		$0	($200,000)	($200,000)
13	Reduce funding for capital bond payments		($1,645,878)	$0	($1,645,878)
14	Add funding to increase student financial assistance grants from $1,950 to $2,200 per year (HB 1031)		$2,000,000	$0	$2,000,000
15	Provide funding to continue the higher education challenge grant program		$0	$0	$0
16	Provide "Tier II" funding for capital building funds			$37,297,110	$37,297,110
17	Provide "Tier III" funding for capital building funds (including $5 million from Legacy Fund earnings)		$9,000,000	$0	$9,000,000
18	Campus capital projects (See listing of proposed capital projects)		$0	$218,800,000	$218,800,000
	Total proposed funding changes	(157.89)	$37,881,984	$276,349,791	$314,231,775

Other proposed changes:

1. Add NDCC language from HB No. 1122, relating to CTE and academic scholarships for dual credit students.
2. Add language for Tier III funding for capital building funds with similar match requirements to the challenge grant program. (17)
3. Amend Sections 15-10-48 and 15-10-49 relating to the higher education challenge grants to adjust the amounts available to each institution. (15)
4. Adjust formula weighting factor to transition SMHS residency program funding from the formula to a separate ongoing line item.
5. Restore MHEC language from Chapter 15-10.2, which was repealed by the 2017 Legislative Assembly. (9)
6. Repeal Section 15-10-61 relating to the dual-credit instructor assistance pilot program. (12)

Att 1
HB 1003
2/5/2019

Prepared by the Legislative Council staff
for House Appropriations - E & E
February 5, 2019

HOUSE BILL NO. 1003
LISTING OF PROPOSED CAPITAL PROJECTS

Department - North Dakota University System

Proposed funding changes:

	Description	FTE	General Fund	Special Funds	Total
1	BSC health sciences facility (allow capital building fund)		$0	$21,000,000	$21,000,000
2	LRSC Dakota precision agriculture center (allow capital building fund)		$0	$3,000,000	$3,000,000
3	UND athletics high performance center (donations)		$0	$35,000,000	$35,000,000
4	UND Memorial Union replacement (revenue bonds - student fees)		$0	$80,000,000	$80,000,000
5	NDSU Barry Hall renovation (donations)		$0	$3,000,000	$3,000,000
6	NDSU indoor practice facility (donations)		$0	$37,200,000	$37,200,000
7	NDSU softball facility (donations)		$0	$2,000,000	$2,000,000
8	NDSU University Village phase II (revenue bonds)		$0	$37,600,000	$37,600,000
9	NDSU Dunbar Hall (SB 2297 bonding)				$0
10	VCSU communications and fine arts building (SB 2297 bonding)				$0
11	Tier I - Extraordinary Repairs - $11,117,046 Gen Fund + $22,234,092 match				$0
12	Tier II - Capital Building Fund - $10 million BND + $8.65 million tuition + $18.65 million match				$0
13	Tier III - Capital Building Fund - $9 million Gen Fund (including $5 million Legacy) + $18 million match				$0
	Total proposed funding changes		$0	$218,800,000	$218,800,000

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AM 1
HB 1003
2/8/2019

Fiscal No. 1

Prepared by the Legislative Council staff for the House Appropriations - Education and Environment Division Committee
February 6, 2019

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1003

Page 1, line 2, after the semicolon insert "to create and enact a new chapter to title 15 of the North Dakota Century Code, relating to the midwestern higher education compact; to create and enact three new subsections to section 15-10-63 of the North Dakota Century Code, relating to capital project authorization;"

Page 1, line 2, replace "section" with "sections 15-10-49, 15-18.2-02, 15-18.2-05, 15-18.2-06, 15-62.4-03, and"

Page 1, line 3, after "to" insert "matching grants for institutions under the control of the state board of higher education, state aid to institutions, the minimum amount payable through the higher education funding formula, the student financial assistance grant program, and"

Page 1, line 3, replace "and" with "to repeal section 15-10-61 of the North Dakota Century Code, relating to the dual-credit instructor assistance program; to authorize the state board of higher education to issue and sell bonds for capital projects;"

Page 1, line 3, replace "a transfer" with "transfers; to provide for reports; and to declare an emergency"

Page 1, remove lines 14 through 24

Page 2, replace lines 1 through 14 with:

	Base Level	Adjustments or Enhancements	Appropriation
Capital assets - bond payments	$6,605,326	($1,645,878)	$4,959,448
Competitive research programs	6,027,750	0	6,027,750
System governance	8,163,238	280,095	8,443,333
Title II	1,006,472	(1,006,472)	0
Core technology services	61,527,347	663,122	62,190,469
Student financial assistance grants	21,917,306	2,000,000	23,917,306
Professional student exchange program	3,699,342	0	3,699,342
Academic and technical education scholarships	12,016,749	0	12,016,749
Scholars program	1,807,115	0	1,807,115
Native American scholarship	555,323	0	555,323
Tribally controlled community college grants	600,000	(100,000)	500,000
Education incentive programs	2,863,393	(2,103,393)	760,000
Student mental health	284,400	0	284,400
Veterans' assistance grants	277,875	0	277,875
Shared campus services	500,000	0	500,000
Dual-credit instructor assistance	200,000	(200,000)	0
Education challenge fund	0	2,200,000	2,200,000
Tier III capital building fund pool	0	9,000,000	9,000,000
Total all funds	$128,051,636	$9,087,474	$137,139,110
Less estimated income	26,412,106	2,550,610	28,962,716
Total general fund	$101,639,530	$6,536,864	$108,176,394
Full-time equivalent positions	149.40	(0.50)	148.90"

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Page 2, replace lines 17 through 24 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$101,670,034	($4,447,175)	$97,222,859
Capital assets	1,922,561	0	1,922,561
Capital building fund	0	1,679,082	1,679,082
Total all funds	$103,592,595	($2,768,093)	$100,824,502
Less estimated income	72,991,998	(3,062,872)	69,929,126
Total general fund	$30,600,597	$294,779	$30,895,376
Full-time equivalent positions	358.35	(34.42)	323.93"

Page 2, remove lines 27 through 31

Page 3, replace lines 1 through 3 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$36,449,048	$950,031	$37,399,079
Capital assets	362,667	3,000,000	3,362,667
Capital building fund	0	628,276	628,276
Total all funds	$36,811,715	$4,578,307	$41,390,022
Less estimated income	24,111,092	4,405,672	28,516,764
Total general fund	$12,700,623	$172,635	$12,873,258
Full-time equivalent positions	129.61	(11.51)	118.10"

Page 3, replace lines 6 through 13 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$26,954,133	$1,077,752	$28,031,885
Capital assets	1,261,968	0	1,261,968
Capital building fund	0	435,812	435,812
Total all funds	$28,216,101	$1,513,564	$29,729,665
Less estimated income	19,855,598	(137,663)	19,717,935
Total general fund	$8,360,503	$1,651,227	$10,011,730
Full-time equivalent positions	100.75	(0.27)	100.48"

Page 3, replace lines 16 through 23 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$864,554,974	$20,252,443	$884,807,417
Capital assets	4,411,566	115,000,000	119,411,566
Capital building fund	0	15,393,458	15,393,458
Total all funds	$868,966,540	$150,645,901	$1,019,612,441
Less estimated income	728,870,450	143,918,802	872,789,252
Total general fund	$140,096,090	$6,727,099	$146,823,189
Full-time equivalent positions	2,218.07	(85.90)	2,132.17"

Page 3, remove lines 26 through 31

Page 4, replace lines 1 through 3 with:

"

	Base Level	Adjustments or Enhancements	Appropriation

Operations	$732,673,267	$9,213,433	$741,886,700
Capital assets	7,799,104	79,800,000	87,599,104
Capital building fund	0	12,401,812	12,401,812
Total all funds	$740,472,371	$101,415,245	$841,887,616
Less estimated income	611,881,329	97,661,956	709,543,285
Total general fund	$128,591,042	$3,753,289	$132,344,331
Full-time equivalent positions	1,895.66	(25.50)	1,870.16"

Page 4, replace lines 6 through 14 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$91,682,610	$3,610,065	$95,292,675
Capital assets	1,012,379	0	1,012,379
Capital building fund	0	1,537,982	1,537,982
Total all funds	$92,694,989	$5,148,047	$97,843,036
Less estimated income	57,605,613	3,898,705	61,504,318
Total general fund	$35,089,376	$1,249,342	$36,338,718
Full-time equivalent positions	345.04	(34.31)	310.73"

Page 4, replace lines 17 through 25 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$47,135,592	$1,203,267	$48,338,859
Capital assets	409,078	0	409,078
Capital building fund	0	957,642	957,642
Theodore Roosevelt digitization	0	250,000	250,000
Total all funds	$47,544,670	$2,410,909	$49,955,579
Less estimated income	29,737,827	1,675,772	31,413,599
Total general fund	$17,806,843	$735,137	$18,541,980
Full-time equivalent positions	168.90	44.36	213.26"

Page 4, remove lines 28 through 31

Page 5, replace lines 1 through 4 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$44,197,761	$3,153,768	$47,351,529
Capital assets	358,992	0	358,992
Capital building fund	0	833,832	833,832
Total all funds	$44,556,753	$3,987,600	$48,544,353
Less estimated income	30,307,148	1,906,832	32,213,980
Total general fund	$14,249,605	$2,080,768	$16,330,373
Full-time equivalent positions	210.53	(1.26)	209.27"

Page 5, replace lines 7 through 14 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$100,710,275	$1,095,224	$101,805,499
Capital assets	1,099,620	0	1,099,620
Capital building fund	0	2,042,828	2,042,828
Total all funds	$101,809,895	$3,138,052	$104,947,947
Less estimated income	62,058,916	3,207,692	65,266,608

Total general fund	$39,750,979	($69,640)	$39,681,339
Full-time equivalent positions	441.65	(34.07)	407.58"

Page 5, replace lines 17 through 24 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$48,444,336	($2,009,370)	$46,434,966
Capital assets	455,823	0	455,823
Capital building fund	0	1,028,686	1,028,686
Total all funds	$48,900,159	($980,684)	$47,919,475
Less estimated income	28,470,657	(1,583,258)	26,887,399
Total general fund	$20,429,502	$602,574	$21,032,076
Full-time equivalent positions	202.75	(22.07)	180.68"

Page 5, remove lines 27 through 31

Page 6, replace lines 1 through 3 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$17,168,111	$811,683	$17,979,794
Capital assets	114,007	0	114,007
Capital building fund	0	357,700	357,700
Total all funds	$17,282,118	$1,169,383	$18,451,501
Less estimated income	9,629,173	1,124,568	10,753,741
Total general fund	$7,652,945	$44,815	$7,697,760
Full-time equivalent positions	84.30	(2.01)	82.29"

Page 6, replace lines 6 through 13 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$205,926,712	$5,179,871	$211,106,583
Health care workforce initiative	0	10,676,150	10,676,150
Total all funds	$205,926,712	$15,856,021	$221,782,733
Less estimated income	154,078,620	4,768,324	158,846,944
Total general fund	$51,848,092	$11,087,697	$62,935,789
Full-time equivalent positions	435.75	49.57	485.32"

Page 6, replace lines 16 through 23 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$14,958,447	$230,049	$15,188,496
Capital assets	118,728	0	118,728
Total all funds	$15,077,175	$230,049	$15,307,224
Less estimated income	10,650,748	14,652	10,665,400
Total general fund	$4,426,427	$215,397	$4,641,824
Full-time equivalent positions	27.00	0.00	27.00"

Page 6, replace lines 26 through 30 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Grand total general fund	$613,242,154	$35,081,983	$648,324,137

Grand total special funds	1,866,661,275	260,349,792	2,127,011,067
Grand total all funds	$2,479,903,429	$295,431,775	$2,775,335,204"

Page 7, line 2, after "biennium" insert "and the 2019-21 biennium one-time funding items included in the appropriation in section 1 of this Act"

Page 7, replace lines 4 and 5 with:

"Capital projects - other funds	$168,505,000	$197,800,000
Education challenge grants	2,000,000	2,200,000
Tier II and tier III capital building funds	0	46,297,110
Theodore Roosevelt digitization	0	250,000"

Page 7, replace lines 12 through 14 with:

"Total all funds	$205,843,626	$246,547,110
Total other funds	193,289,000	240,097,110
Total general fund	$12,554,626	$6,450,000

The 2019-21 one-time funding amounts are not a part of the entity's base budget for the 2021-23 biennium. The institutions and entities under the control of the state board of higher education shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019 and ending June 30, 2021."

Page 9, after line 6, insert:

"**SECTION 3.** A new chapter to title 15 of the North Dakota Century Code is created and enacted as follows:

Midwestern regional higher education compact.

The midwestern regional higher education compact is adopted as follows:

ARTICLE I - PURPOSE

The purpose of the midwestern higher education compact is to provide greater higher education opportunities and services in the midwestern region, with the aim of furthering regional access to, research in, and choice of higher education for the citizens residing in the states that are parties to this compact.

ARTICLE I - THE COMMISSION

1. The compacting states create the midwestern higher education commission, hereinafter called the commission. The commission is a body corporate of each compacting state. The commission has all the responsibilities, powers, and duties set forth in this chapter, including the power to sue and be sued, and any additional powers conferred upon it by subsequent action of the respective legislative assemblies of the compacting states in accordance with the terms of this compact.

2. The commission consists of the following five resident members from each state: the governor or the governor's designee who serves during the tenure of office of the governor; two legislators, one from each house, except for Nebraska, which may appoint two legislators from its legislative assembly, who serve two-year terms and are appointed by the appropriate

appointing authority in each house of the legislative assembly; and two other at large members, at least one of whom is to be selected from the field of higher education. The at large members are to be appointed as provided by the laws of the appointing state. One of the two at large members initially appointed in each state serves a two-year term. The other, and any regularly appointed successor to either at large member, serves a four-year term. All vacancies are to be filled in accordance with the laws of the appointing states. Any commissioner appointed to fill a vacancy serves until the end of the incomplete term.

3. The commission shall select annually, from among its members, a chairman, a vice chairman, and a treasurer.

4. The commission shall appoint an executive director who serves at its pleasure and who is secretary to the commission. The treasurer, the executive director, and other personnel as the commission determines must be bonded in the amounts required by the commission.

5. The commission shall meet at least once each calendar year. The chairman may call additional meetings and upon the request of a majority of the commission members of three or more compacting states, shall call additional meetings. The commission shall give public notice of all meetings. All meetings must be open to the public.

6. Each compacting state represented at any meeting of the commission is entitled to one vote. A majority of the compacting states constitute a quorum for the transaction of business, unless a larger quorum is required by the bylaws of the commission.

ARTICLE III - POWERS AND DUTIES OF THE COMMISSION

1. The commission shall adopt bylaws governing its management and operations.

2. Notwithstanding the laws of any compacting state, the commission shall provide for the personnel policies and programs of the compact in its bylaws.

3. The commission shall submit a budget to the governor and legislative assembly of each compacting state at the time and for the period required by each state. The budget must contain recommendations regarding the amount to be appropriated by each compacting state.

4. The commission shall report annually to the legislative assemblies and governors of the compacting states, to the midwestern governors' conference, and to the midwestern legislative conference of the council of state governments regarding the activities of the commission during the preceding year. The reports must include any recommendations that have been adopted by the commission.

5. The commission may borrow, accept, or contract for the services of personnel from any state or from the United States, or from any subdivision or agency thereof, from any interstate agency, or from any person.

6. The commission may accept for any of its purposes and functions under the compact donations and grants of money, equipment, supplies, materials, and services, conditional or otherwise, from any state or the United States or from any subdivision or agency thereof, from an interstate agency, or from any person, and may receive, use, and dispose of the same.

7. The commission may enter agreements with any other interstate education organization or agency, with institutions of higher education located in nonmember states, and with any of the various states to provide adequate programs and services in higher education for the citizens of the respective compacting states. After negotiations with interested institutions and interstate organizations or agencies, the commission shall determine the cost of providing the programs and services in higher education for use in these agreements.

8. The commission may establish and maintain offices in one or more of the compacting states.

9. The commission may establish committees and hire staff as necessary to carry out its functions.

10. The commission may provide for actual and necessary expenses for the attendance of its members at official meetings of the commission or of its designated committees.

ARTICLE IV - ACTIVITIES OF THE COMMISSION

1. The commission shall collect data on the long-range effects of the compact on higher education. By the end of the fourth year from the effective date of the compact and every two years thereafter, the commission shall review its accomplishments and make recommendations to the governors and legislative assemblies of the compacting states regarding continuance of the compact.

2. The commission shall study higher education issues that are of particular concern to the midwestern region. The commission also shall study the need for higher education programs and services in the compacting states and the resources for meeting those needs. The commission shall prepare reports, on its research, for presentation to the governors and legislative assemblies of the compacting states, as well as to other interested parties. In conducting the studies, the commission may confer with any national or regional planning body. The commission may draft and recommend to the governors and legislative assemblies of the various compacting states suggested legislation addressing issues in higher education.

3. The commission shall study the need for the provision of adequate programs and services in higher education, such as undergraduate, graduate, or professional student exchanges in the region. If a need for exchange in a field is apparent, the commission may enter agreements with any institution of higher education and with any compacting state to provide programs and services in higher education for the citizens of the respective compacting states. After negotiating with interested institutions and the compacting states, the commission shall determine the cost of

providing the programs and services in higher education for use in its agreements. The contracting states shall contribute funds not otherwise provided, as determined by the commission, to carry out the agreements. The commission may also serve as the administrative and fiscal agent in carrying out agreements for higher education programs and services.

4. The commission shall serve as a clearinghouse for information regarding higher education activities among institutions and agencies.

5. The commission may provide services and research in any other area of regional concern.

ARTICLE V - FINANCE

1. The compacting states will appropriate the amount necessary to finance the general operations of the commission, not otherwise provided for, when authorized by their respective legislative assemblies. The amount must be apportioned equally among the compacting states.

2. The commission may not incur any obligations prior to the passage of appropriations adequate to meet the same; nor may the commission pledge the credit of any of the compacting states, except by and with the authority of the compacting state.

3. The commission shall keep accurate accounts of its receipts and disbursements. The receipts and disbursements of the commission are subject to the audit and accounting procedures established under its bylaws. All receipts and disbursements handled by the commission must be audited yearly by a certified or licensed public accountant and the report of the audit must be included in and become part of the annual report of the commission.

4. The accounts of the commission must be open at any reasonable time for inspection by duly authorized representatives of the compacting states and by persons authorized by the commission.

ARTICLE VI - ELIGIBLE PARTIES AND ENTRY INTO FORCE

1. The states of Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin are eligible to become parties to this compact. Additional states may be eligible if approved by a majority of the compacting states.

2. This compact becomes effective, as to any eligible party state, when its legislative assembly enacts the compact into law.

3. An amendment to the compact becomes effective upon its enactment by the legislative assemblies of all compacting states.

ARTICLE VII - WITHDRAWAL, DEFAULT, AND TERMINATION

1. A compacting state may withdraw from the compact by enacting a statute repealing the compact, but the withdrawal may not become effective until two years after the enactment of such statute. A withdrawing state is liable for any obligation that it incurred on account of its party status, up to the

effective date of withdrawal, except that if the withdrawing state has specifically undertaken or committed itself to any performance of an obligation extending beyond the effective date of withdrawal, it remains liable to the extent of the obligation.

2. If a compacting state at any time defaults in the performance of its obligations, assumed or imposed, in accordance with this compact, all rights, privileges, and benefits conferred by this compact or by agreements made under the compact are suspended from the effective date of the default, as fixed by the commission. The commission shall stipulate the conditions and maximum time for compliance under which the defaulting state may resume its regular status. Unless the default is remedied under the stipulations and within the time period set by the commission, the compact may be terminated with respect to the defaulting state by affirmative vote of a majority of the other member states. A defaulting state may be reinstated by performing all acts and obligations required by the commission.

ARTICLE VIII - SEVERABILITY AND CONSTRUCTION

The provisions of this compact are severable, and if any phrase, clause, sentence, or provision of this compact is declared to be contrary to the constitution of any compacting state or of the United States or its applicability to any person or circumstance is held invalid, the validity of the remainder of the compact and its applicability to any person or circumstance may not be affected. If the compact is found to be contrary to the constitution of any compacting state, the compact remains in full force and effect as to the remaining states and in full force and effect as to the state affected as to all severable matters. The provisions of the compact must be liberally construed to effectuate the purpose of the compact.

Midwestern higher education commission - Terms - Vacancies.

1. The members of the midwestern higher education commission representing this state are:

   a. The governor or the governor's designee.

   b. One member of the senate and one member of the house of representatives, appointed by the chairman of the legislative management.

   c. Two at-large members, one of whom must be knowledgeable about the field of higher education, appointed by the governor.

2. The term of each legislative appointee is two years. One initial at-large member must be appointed for a term of two years and the other for a term of four years. Thereafter, the term of each at-large member is four years.

3. If a member vacates the position to which the member was appointed, the position must be filled for the remainder of the unexpired term in the same manner as that position was filled initially.

SECTION 4. AMENDMENT. Section 15-10-49 of the North Dakota Century Code is amended and reenacted as follows:

15-10-49. Advancement of academics - Matching grants - Two-year and four-year institutions of higher education.

1. a. Subject to legislative appropriations, each biennium during the period beginning July first of each odd-numbered year and ending December thirty-first of each even-numbered year, the state board of higher education shall award one dollar in matching grants for every two dollars raised by the institutional foundations of Bismarck state college, Dakota college at Bottineau, Dickinson state university, Lake Region state college, Mayville state university, Minot state university, North Dakota state college of science, Valley City state university, and Williston state college for projects dedicated exclusively to the advancement of academics.

   b. To be eligible for a matching grant, an institution must demonstrate that:

      (1) Its foundation has raised at least twenty-five thousand dollars in cash or monetary pledges for a qualifying project; and

      (2) The project has been approved by the grant review committee established in section 15-10-51.

   c. The board may award up to two hundred thousand dollars in matching grants to each institution.

2. a. If any available dollars have not been awarded by the board before January first of each odd-numbered year, in accordance with subsection 1, any institution listed in subsection 1 may apply for an additional matching grant.

   b. An application submitted under this subsection must meet the same criteria as an original application.

   c. The board shall consider each application submitted under this subsection in chronological order.

   d. If the remaining dollars are insufficient to provide a matching grant in the amount of one dollar for every two dollars raised by the institutional foundation, the board shall award a lesser amount.

3. The state board of higher education shall retain up to one-quarter of one percent of any grant awarded under this section to assist with administrative expenses incurred in the grant review process.

SECTION 5. A new subsection to section 15-10-63 of the North Dakota Century Code is created and enacted as follows:

Notwithstanding any existing agreements, an institution under the control of the state board of higher education shall obtain approval from the legislative assembly before the institution acquires any additional facility space to be used by the institution for any purpose, if the acquisition would result in additional operating costs to be paid from any source. This subsection does not apply to operating lease agreements that preclude the ownership of the leased facility.

SECTION 6. A new subsection to section 15-10-63 of the North Dakota Century Code is created and enacted as follows:

Notwithstanding any existing agreements, an institution under the control of the state board of higher education shall obtain approval from the legislative assembly before an institution purchases, rents, occupies, or otherwise utilizes a building or any portion of a building for a purpose that directly or indirectly supports or relates to the institution's educational or administrative functions if the building is located more than ten miles from the campus of the institution. This subsection does not apply to buildings utilized by an institution to offer dual-credit courses, buildings utilized by the agricultural experiment station and research extension centers, and buildings utilized by the North Dakota state university extension service. For purposes of this section, "campus" means the campus of the institution under the Federal Clery Act [Pub. L. 105-244; 20 U.S.C. 1092(f)].

SECTION 7. A new subsection to section 15-10-63 of the North Dakota Century Code is created and enacted as follows:

An institution that obtains legislative approval to acquire any additional facility space to be used by the institution for any purpose must establish a maintenance reserve fund of at least three percent of the total construction cost or replacement value, whichever is greater, of the acquired space. The institution's plans for funding the maintenance reserve fund must be included in the request for legislative approval. Maintenance reserve funds must be deposited in an account under the control of the state board of higher education before the acquired space may be occupied, and the funds may be used for maintenance repairs after the total deferred maintenance of the space exceeds thirty percent of its replacement value. The funds may not be used for any other purpose. This subsection does not apply to additional space acquired through the sale of revenue bonds that require by covenant the establishment of maintenance reserve funds.

SECTION 8. AMENDMENT. Section 15-18.2-02 of the North Dakota Century Code is amended and reenacted as follows:

15-18.2-02. Weighted credit-hours - Determination - Instructional program classification factors - Submission to legislative management.

1. In order to determine the weighted credit-hours for each institution under its control, the state board of higher education shall multiply each of an institution's completed credit-hours, as determined under section 15-18.2-01, by an instructional program classification factor, as set forth in this section.

   a. The factors for credits completed in agriculture are:

      (1) 1.9 for lower division credits;

      (2) 3.8 for upper division credits;

      (3) 5.7 for professional level credits; and

      (4) 7.6 for graduate level credits.

   b. The factors for credits completed in architecture are:

(1) 1.8 for lower division credits;

(2) 3.6 for upper division credits;

(3) 5.4 for professional level credits; and

(4) 7.2 for graduate level credits.

c. The factors for credits completed in transportation are:

(1) 1.9 for lower division credits;

(2) 3.8 for upper division credits;

(3) 5.7 for professional level credits; and

(4) 7.6 for graduate level credits.

d. The factors for credits completed in the biological and physical sciences are:

(1) 1.9 for lower division credits;

(2) 3.8 for upper division credits;

(3) 5.7 for professional level credits; and

(4) 7.6 for graduate level credits.

e. The factors for credits completed in business are:

(1) 1.9 for lower division credits;

(2) 3.8 for upper division credits;

(3) 5.7 for professional level credits; and

(4) 7.6 for graduate level credits.

f. The factors for credits completed in education are:

(1) 1.9 for lower division credits;

(2) 3.8 for upper division credits;

(3) 5.7 for professional level credits; and

(4) 7.6 for graduate level credits.

g. The factors for credits completed in engineering are:

(1) 2.5 for lower division credits;

(2) 5.0 for upper division credits;

(3) 7.5 for professional level credits; and

(4) 10.0 for graduate level credits.

h. The factors for credits completed in the health sciences are:

(1) 3.0 for lower division credits;

(2) 6.0 for upper division credits;

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(3) 9.0 for professional level credits;

(4) 12.0 for graduate level credits; and

(5) ~~38.0~~34.5 for medical school credits.

i. The factors for credits completed in legal studies are:

(1) 3.5 for lower division credits;

(2) 7.0 for upper division credits;

(3) 10.5 for professional level credits; and

(4) 14.0 for graduate level credits.

j. The factors for credits completed in the core disciplines are:

(1) 1.0 for lower division credits;

(2) 2.0 for upper division credits;

(3) 3.0 for professional level credits; and

(4) 4.0 for graduate level credits.

k. The factor for credits completed in career and technical education is 2.0.

l. The factor for completed basic skills credits is 2.3.

2. a. The state board of higher education shall ensure that all delineations in this section reflect the requirements of a nationally recognized and standardized instructional program classification system.

b. Before adopting any changes to the delineations implemented in accordance with this section, the state board of higher education shall present the proposed changes to and receive the approval of the legislative management.

SECTION 9. AMENDMENT. Section 15-18.2-05 of the North Dakota Century Code is amended and reenacted as follows:

15-18.2-05. Base funding - Determination of state aid.

1. Except as provided under subsection 2, in order to determine the state aid payment to which each institution under its control is entitled, the state board of higher education shall multiply the product determined under section 15-18.2-04 by a base amount of:

a. ~~$58.65~~$60.70 in the case of North Dakota state university and the university of North Dakota;

b. ~~$86.95~~$90.48 in the case of Dickinson state university, Mayville state university, Minot state university, and Valley City state university; and

c. ~~$93.03~~$96.52 in the case of Bismarck state college, Dakota college at Bottineau, Lake Region state college, North Dakota state college of science, and Williston state college.

2. An institution is entitled to an amount equal to seventy-five percent of the product determined under subsection 1 for credits completed by students receiving a tuition waiver pursuant to section 54-12-35.

SECTION 10. AMENDMENT. Section 15-18.2-06 of the North Dakota Century Code is amended and reenacted as follows:

15-18.2-06. Base funding - Minimum amount payable. (Effective through June 30, ~~2019~~2021)

Notwithstanding any calculations required by this chapter, during each biennium, an institution may not receive less than ninety-six percent of the state aid to which the institution was entitled under this chapter during the previous biennium.

SECTION 11. AMENDMENT. Section 15-62.4-03 of the North Dakota Century Code is amended and reenacted as follows:

15-62.4-03. Student financial assistance program - Grants.

1. The state board of higher education shall provide to each eligible student a financial assistance grant in an amount not exceeding:

   a. ~~Nine hundred seventy-five~~One thousand one hundred dollars per semester; or

   b. ~~Six hundred fifty~~Seven hundred thirty-three dollars per quarter.

2. a. A student is not entitled to receive grants under this chapter for more than the equivalent of:

      (1) Eight semesters of full-time enrollment; or

      (2) Twelve quarters of full-time enrollment.

   b. Notwithstanding subdivision a, a student is not entitled to receive a grant under this chapter after the student obtains a baccalaureate degree.

3. The board shall forward grants payable under this chapter directly to the institution in which the student is enrolled."

Page 9, after line 6, insert:

"**SECTION 13. REPEAL.** Section 15-10-61 of the North Dakota Century Code is repealed."

Page 9, line 18, replace "biennium" with "period"

Page 9, line 18, replace "July 1, 2019" with "beginning with the effective date of this Act"

Page 9, replace lines 23 through 31 with:

"**SECTION 16. UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES OPERATIONS.** The operations line item in subdivision 5 of section 1 of this Act includes a funding allocation from the higher education per student credit-hour funding formula attributable to inflation during the biennium beginning July 1, 2019, and ending June 30, 2021. Based on the recommendation of the commissioner of higher education a portion of the allocation may be transferred by the

state board of higher education between the university of North Dakota school of medicine and health sciences and the university of North Dakota."

Page 10, line 3, after "assets" insert "and capital building fund"

Page 10, line 17, after the period insert "An institution may not use tier II or tier III capital building fund moneys as matching funds under this section.

SECTION 20. BOND ISSUANCE AUTHORIZATION - PURPOSES. The state board of higher education, in accordance with chapter 15-55, may arrange for the funding of projects authorized in this section, declared to be in the public interest, through the issuance of self-liquidating, tax-exempt evidences of indebtedness under chapter 15-55, beginning with the effective date of this Act and ending June 30, 2021. Evidences of indebtedness issued pursuant to this section are not a general obligation of the state of North Dakota. Any unexpended balance resulting from the proceeds of the evidences of indebtedness must be placed in a sinking fund to be used for the retirement of indebtedness. The evidences of indebtedness may be issued and the proceeds are appropriated in section 1 of this Act for the following capital projects:

University of North Dakota - memorial union	$80,000,000
North Dakota state university - university village phase II	37,600,000
Total special funds	$117,600,000

SECTION 21. TRANSFER - BANK OF NORTH DAKOTA PROFITS - TIER II CAPITAL BUILDING FUNDS - MATCHING FUNDS. The industrial commission shall transfer to institutions under the control of the state board of higher education a total of $10,000,000, or so much of the sum as may be necessary, from the current earnings and accumulated undivided profits of the Bank of North Dakota during the period beginning with the effective date of this Act, and ending June 30, 2021, as requested by the commissioner of higher education. The capital building fund and estimated income line items in subdivisions 2 through 12 of section 1 of this Act include $10,000,000 from the current earnings and accumulated undivided profits of the Bank of North Dakota and $8,648,555 from a one percent per year increase in tuition as follows:

	Bank of North Dakota	Estimated Tuition Commitment
Bismarck state college	$425,693	$413,848
Lake Region state college	177,375	136,763
Williston state college	137,947	79,959
University of North Dakota	4,361,801	3,334,928
North Dakota state university	2,899,596	3,301,310
North Dakota state college of science	500,695	268,296
Dickinson state university	268,862	209,959
Mayville state university	240,029	176,887
Minot state university	572,801	448,613
Valley City state university	309,137	205,206
Dakota college at Bottineau	106,064	72,786
Total	$10,000,000	$8,648,555

An institution shall provide one dollar of matching funds from operations or other sources for each one dollar from Bank of North Dakota profits and for each one dollar generated from the one percent per year increase in tuition deposited in each institution's capital building fund. An institution may not use extraordinary repairs funding or tier III capital building fund moneys as matching funds under this section.

SECTION 22. TRANSFER - BANK OF NORTH DAKOTA PROFITS - TIER III CAPITAL BUILDING FUND POOL - MATCHING FUNDS. The industrial commission shall transfer to the North Dakota university system office a total of $5,000,000, or so much of the sum as may be necessary, from the current earnings and accumulated undivided profits of the Bank of North Dakota during the period beginning with the effective date of this Act, and ending June 30, 2021, as requested by the commissioner of higher education. The tier III capital building fund pool and estimated income line items in subdivision 1 of section 1 of this Act include $5,000,000 from the current earnings and accumulated undivided profits of the Bank of North Dakota. The tier III capital building fund pool in subdivision 1 of section 1 of this Act also includes $4,000,000 from the general fund. Funding from the tier III capital building fund pool is to be allocated to each institution as follows:

	Tier III Capital Building Fund
Bismarck state college	$500,000
Lake Region state college	500,000
Williston state college	500,000
University of North Dakota	2,250,000
North Dakota state university	2,250,000
North Dakota state college of science	500,000
Dickinson state university	500,000
Mayville state university	500,000
Minot state university	500,000
Valley City state university	500,000
Dakota college at Bottineau	500,000
Total	$9,000,000

An institution shall provide two dollars of matching funds from operations or other sources for each one dollar from the tier III capital building fund pool. An institution may not use extraordinary repairs funding or tier II capital building fund moneys as matching funds under this section. Any funds transferred to an institution pursuant to this section from the tier III capital building fund pool must be placed in that institution's capital building fund line item.

SECTION 23. CAPITAL BUILDING FUNDS - USES - REPORTS. Subject to state board of higher education approval, each institution in subdivisions 2 through 12 of section 1 of this Act may use moneys from its capital building fund line item for extraordinary repairs and deferred maintenance projects which do not exceed $700,000 and do not increase the square footage of a building. In addition, Lake Region state college is authorized to use up to $3,000,000 from its capital building fund line item for the precision agriculture center project. The North Dakota university system shall report to the legislative management during the 2019-20 interim and to the appropriations committees of the sixty-seventh legislative assembly on the use of funding in each institutions' capital building fund line item, the source of matching funds, and each institutions' five-year plan for capital construction spending.

SECTION 24. TUITION RATE INCREASE LIMITATION - BUDGET SECTION APPROVAL.

1. Except as provided in this section, notwithstanding any other provision of law, the state board of higher education may not increase tuition rates for resident students attending institutions of higher education under its control during the 2019-20 academic year by more than three percent as compared to the tuition rate in effect during the 2019 spring semester

unless the board receives prior budget section approval. Before approving or denying the request, the budget section shall consider the effect the tuition rate increase will have on current and prospective students, tuition rates at comparable institutions in neighboring states, and the institution's planned use of additional tuition revenue.

2. Except as provided in this section, notwithstanding any other provision of law, the state board of higher education may not increase tuition rates for resident students attending institutions of higher education under its control during the 2020-21 academic year by more than three percent as compared to the tuition rate in effect during the 2020 spring semester unless the board receives prior budget section approval. Before approving or denying the request, the budget section shall consider the effect the tuition rate increase will have on current and prospective students, tuition rates at comparable institutions in neighboring states, and the institution's planned use of additional tuition revenue.

3. This section does not apply to tuition rates charged for graduate level programs, including programs offered through the university of North Dakota school of medicine and health sciences, the university of North Dakota school of law, or the North Dakota state university school of pharmacy.

4. This section does not apply to tuition rates for nonresident students attending institutions of higher education under the control of the state board of higher education. For purposes of this section, the residency of students for tuition purposes must be determined under section 15-10-19.1.

5. This section does not apply to tuition rates determined under tuition reciprocity agreements entered into by the state board of higher education with other states or state education compacts.

6. For purposes of this section, an institution must calculate a resident tuition rate increase based on the tuition rate paid by an average full-time resident student. The state board of higher education may exclude adjustments to a tuition rate resulting from a change in an institution's method of charging tuition, including the consolidation of existing fees into tuition rates or charging tuition based on a per-credit rate, from tuition rate calculations under this section.

7. The state board of higher education may increase tuition rates for all students attending institutions of higher education under its control during the 2019-20 academic year by an additional one percent as compared to the tuition rate in effect during the 2019 spring semester if the institution has provided matching funds from operations or other sources for each one dollar generated from the one percent increase in tuition, which must be deposited in each institution's capital building fund.

8. The state board of higher education may increase tuition rates for all students attending institutions of higher education under its control during the 2020-21 academic year by an additional one percent as compared to the tuition rate in effect during the 2020 spring semester if the institution has provided matching funds from operations or other sources for each

one dollar generated from the one percent increase in tuition, which must be deposited in each institution's capital building fund.

SECTION 25. EMERGENCY. Sections 15, 17, 19, 20, 21, 22, and 23 of this Act and the tier III capital building fund pool, capital assets, and capital building fund line items in section 1 of this Act are declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1003 - Summary of House Action

	Base Budget	House Changes	House Version
University System Office			
Total all funds	$128,051,636	$9,087,474	$137,139,110
Less estimated income	26,412,106	2,550,610	28,962,716
General fund	$101,639,530	$6,536,864	$108,176,394
FTE	149.40	(0.50)	148.90
Bismarck State College			
Total all funds	$103,592,595	($2,768,093)	$100,824,502
Less estimated income	72,991,998	(3,062,872)	69,929,126
General fund	$30,600,597	$294,779	$30,895,376
FTE	358.35	(34.42)	323.93
Lake Region State College			
Total all funds	$36,811,715	$4,578,307	$41,390,022
Less estimated income	24,111,092	4,405,672	28,516,764
General fund	$12,700,623	$172,635	$12,873,258
FTE	129.61	(11.51)	118.10
Williston State College			
Total all funds	$28,216,101	$1,513,564	$29,729,665
Less estimated income	19,855,598	(137,663)	19,717,935
General fund	$8,360,503	$1,651,227	$10,011,730
FTE	100.75	(0.27)	100.48
University of North Dakota			
Total all funds	$868,966,540	$150,645,901	$1,019,612,441
Less estimated income	728,870,450	143,918,802	872,789,252
General fund	$140,096,090	$6,727,099	$146,823,189
FTE	2,218.07	(85.90)	2,132.17
UND Medical Center			
Total all funds	$205,926,712	$15,856,021	$221,782,733
Less estimated income	154,078,620	4,768,324	158,846,944
General fund	$51,848,092	$11,087,697	$62,935,789
FTE	435.75	49.57	485.32
North Dakota State University			
Total all funds	$740,472,371	$101,415,245	$841,887,616
Less estimated income	611,881,329	97,661,956	709,543,285
General fund	$128,591,042	$3,753,289	$132,344,331
FTE	1,895.66	(25.50)	1,870.16
State College of Science			
Total all funds	$92,694,989	$5,148,047	$97,843,036
Less estimated income	57,605,613	3,898,705	61,504,318
General fund	$35,089,376	$1,249,342	$36,338,718
FTE	345.04	(34.31)	310.73

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Dickinson State University			
Total all funds	$47,544,670	$2,410,909	$49,955,579
Less estimated income	29,737,827	1,675,772	31,413,599
General fund	$17,806,843	$735,137	$18,541,980
FTE	168.90	44.36	213.26
Mayville State University			
Total all funds	$44,556,753	$3,987,600	$48,544,353
Less estimated income	30,307,148	1,906,832	32,213,980
General fund	$14,249,605	$2,080,768	$16,330,373
FTE	210.53	(1.26)	209.27
Minot State University			
Total all funds	$101,809,895	$3,138,052	$104,947,947
Less estimated income	62,058,916	3,207,692	65,266,608
General fund	$39,750,979	($69,640)	$39,681,339
FTE	441.65	(34.07)	407.58
Valley City State University			
Total all funds	$48,900,159	($980,684)	$47,919,475
Less estimated income	28,470,657	(1,583,258)	26,887,399
General fund	$20,429,502	$602,574	$21,032,076
FTE	202.75	(22.07)	180.68
Dakota College at Bottineau			
Total all funds	$17,282,118	$1,169,383	$18,451,501
Less estimated income	9,629,173	1,124,568	10,753,741
General fund	$7,652,945	$44,815	$7,697,760
FTE	84.30	(2.01)	82.29
Forest Service			
Total all funds	$15,077,175	$230,049	$15,307,224
Less estimated income	10,650,748	14,652	10,665,400
General fund	$4,426,427	$215,397	$4,641,824
FTE	27.00	0.00	27.00
Bill total			
Total all funds	$2,479,903,429	$295,431,775	$2,775,335,204
Less estimated income	1,866,661,275	260,349,792	2,127,011,067
General fund	$613,242,154	$35,081,983	$648,324,137
FTE	6,767.76	(157 89)	6,609.87

House Bill No. 1003 - North Dakota University System - General Fund Summary

	Base Budget	House Changes	House Version
University System Office	$101,639,530	$6,536,864	$108,176,394
Bismarck State College	30,600,597	294,779	30,895,376
Lake Region State College	12,700,623	172,635	12,873,258
Williston State College	8,360,503	1,651,227	10,011,730
University of North Dakota	140,096,090	6,727,099	146,823,189
UND Medical Center	51,848,092	11,087,697	62,935,789
North Dakota State University	128,591,042	3,753,289	132,344,331
State College of Science	35,089,376	1,249,342	36,338,718
Dickinson State University	17,806,843	735,137	18,541,980
Mayville State University	14,249,605	2,080,768	16,330,373
Minot State University	39,750,979	(69,640)	39,681,339
Valley City State University	20,429,502	602,574	21,032,076
Dakota College at Bottineau	7,652,945	44,815	7,697,760
Forest Service	4,426,427	215,397	4,641,824
Total general fund	$613,242,154	$35,081,983	$648,324,137

Detail of House Changes to the General Fund

	Adjusts Funding for University System Office[1]	Provides Funding Formula Adjustments[2]	Adjusts Special Funds and FTE Positions[3]	Adds Funding for Residency Program[4]	Adds One-Time Funding for Theodore Roosevelt Digitization[5]	Adds Funding for Capital Projects[6]
University System Office	$6,536,864					
Bismarck State College		$294,779				
Lake Region State College		172,635				
Williston State College		1,651,227				
University of North Dakota		6,727,099				
UND Medical Center		6,580,445		$4,507,252		
North Dakota State University		3,753,289				
State College of Science		1,249,342				
Dickinson State University		485,137			$250,000	
Mayville State University		2,080,768				
Minot State University		(69,640)				
Valley City State University		602,574				
Dakota College at Bottineau		44,815				
Forest Service						
Total general fund	$6,536,864	$23,572,470	$0	$4,507,252	$250,000	$0

	Adds Funding for Capital Building Funds[7]	Adjusts Forest Service Funding[8]	Total the General Fund Changes
University System Office			$6,536,864
Bismarck State College			294,779
Lake Region State College			172,635
Williston State College			1,651,227
University of North Dakota			6,727,099
UND Medical Center			11,087,697
North Dakota State University			3,753,289
State College of Science			1,249,342
Dickinson State University			735,137
Mayville State University			2,080,768
Minot State University			(69,640)
Valley City State University			602,574
Dakota College at Bottineau			44,815
Forest Service		$215,397	215,397
Total general fund	$0	$215,397	$35,081,983

House Bill No. 1003 - North Dakota University System - Other Funds Summary

	Base Budget	House Changes	House Version
University System Office	$26,412,106	$2,550,610	$28,962,716
Bismarck State College	72,991,998	(3,062,872)	69,929,126
Lake Region State College	24,111,092	4,405,672	28,516,764
Williston State College	19,855,598	(137,663)	19,717,935
University of North Dakota	728,870,450	143,918,802	872,789,252
UND Medical Center	154,078,620	4,768,324	158,846,944
North Dakota State University	611,881,329	97,661,956	709,543,285
State College of Science	57,605,613	3,898,705	61,504,318
Dickinson State University	29,737,827	1,675,772	31,413,599
Mayville State University	30,307,148	1,906,832	32,213,980
Minot State University	62,058,916	3,207,692	65,266,608
Valley City State University	28,470,657	(1,583,258)	26,887,399
Dakota College at Bottineau	9,629,173	1,124,568	10,753,741
Forest Service	10,650,748	14,652	10,665,400
Total other funds	$1,866,661,275	$260,349,792	$2,127,011,067

Detail of House Changes to Other Funds

	Adjusts Funding for University System Office[1]	Provides Funding Formula Adjustments[2]	Adjusts Special Funds and FTE Positions[3]	Adds Funding for Residency Program[4]	Adds One-Time Funding for Theodore Roosevelt Digitization[5]	Adds Funding for Capital Projects[6]
University System Office	$2,550,610					
Bismarck State College			($4,741,954)			
Lake Region State College			777,396			$3,000,000
Williston State College			(573,475)			
University of North Dakota			13,525,344			115,000,000
UND Medical Center			4,768,324			
North Dakota State University			5,460,144			79,800,000
State College of Science			2,360,723			
Dickinson State University			718,130			
Mayville State University			1,073,000			
Minot State University			1,164,864			
Valley City State University			(2,611,944)			
Dakota College at Bottineau			766,868			
Forest Service						
Total other funds	$2,550,610	$0	$22,687,420	$0	$0	$197,800,000

	Adds Funding for Capital Building Funds[7]	Adjusts Forest Service Funding[8]	Total Other Funds Changes
University System Office			$2,550,610
Bismarck State College	$1,679,082		(3,062,872)
Lake Region State College	628,276		4,405,672
Williston State College	435,812		(137,663)
University of North Dakota	15,393,458		143,918,802
UND Medical Center			4,768,324
North Dakota State University	12,401,812		97,661,956
State College of Science	1,537,982		3,898,705
Dickinson State University	957,642		1,675,772
Mayville State University	833,832		1,906,832
Minot State University	2,042,828		3,207,692
Valley City State University	1,028,686		(1,583,258)
Dakota College at Bottineau	357,700		1,124,568
Forest Service		$14,652	14,652
Total other funds	$37,297,110	$14,652	$260,349,792

House Bill No. 1003 - North Dakota University System - All Funds Summary

	Base Budget	House Changes	House Version
University System Office	$128,051,636	$9,087,474	$137,139,110
Bismarck State College	103,592,595	(2,768,093)	100,824,502
Lake Region State College	36,811,715	4,578,307	41,390,022
Williston State College	28,216,101	1,513,564	29,729,665
University of North Dakota	868,966,540	150,645,901	1,019,612,441
UND Medical Center	205,926,712	15,856,021	221,782,733
North Dakota State University	740,472,371	101,415,245	841,887,616
State College of Science	92,694,989	5,148,047	97,843,036
Dickinson State University	47,544,670	2,410,909	49,955,579
Mayville State University	44,556,753	3,987,600	48,544,353
Minot State University	101,809,895	3,138,052	104,947,947
Valley City State University	48,900,159	(980,684)	47,919,475
Dakota College at Bottineau	17,282,118	1,169,383	18,451,501
Forest Service	15,077,175	230,049	15,307,224
Total all funds	$2,479,903,429	$295,431,775	$2,775,335,204
FTE	6,767.76	(157.89)	6,609.87

Detail of House Changes to All Funds

	Adjusts Funding for University System Office[1]	Provides Funding Formula Adjustments[2]	Adjusts Special Funds and FTE Positions[3]	Adds Funding for Residency Program[4]	Adds One-Time Funding for Theodore Roosevelt Digitization[5]	Adds Funding for Capital Projects[6]
University System Office	$9,087,474					
Bismarck State College		$294,779	($4,741,954)			
Lake Region State College		172,635	777,396			$3,000,000
Williston State College		1,651,227	(573,475)			
University of North Dakota		6,727,099	13,525,344			115,000,000
UND Medical Center		6,580,445	4,768,324	$4,507,252		
North Dakota State University		3,753,289	5,460,144			79,800,000
State College of Science		1,249,342	2,360,723			
Dickinson State University		485,137	718,130		$250,000	
Mayville State University		2,080,768	1,073,000			
Minot State University		(69,640)	1,164,864			
Valley City State University		602,574	(2,611,944)			
Dakota College at Bottineau		44,815	766,868			
Forest Service						
Total all funds	$9,087,474	$23,572,470	$22,687,420	$4,507,252	$250,000	$197,800,000
FTE	(0.50)	0.00	(157.39)	0.00	0.00	0.00

	Adds Funding for Capital Building Funds[7]	Adjusts Forest Service Funding[8]	Total All Funds Changes
University System Office			$9,087,474
Bismarck State College	$1,679,082		(2,768,093)
Lake Region State College	628,276		4,578,307
Williston State College	435,812		1,513,564
University of North Dakota	15,393,458		150,645,901
UND Medical Center			15,856,021
North Dakota State University	12,401,812		101,415,245
State College of Science	1,537,982		5,148,047
Dickinson State University	957,642		2,410,909
Mayville State University	833,832		3,987,600
Minot State University	2,042,828		3,138,052
Valley City State University	1,028,686		(980,684)
Dakota College at Bottineau	357,700		1,169,383
Forest Service		$230,049	230,049
Total all funds	$37,297,110	$230,049	$295,431,775
FTE	0.00	0.00	(157.89)

[1] Funding for the University System office is adjusted as detailed in the schedules below.

The following schedule details funding adjustments for system governance:

System Governance

	FTE Positions	General Fund	Other Funds	Total
Base payroll changes	(0.50)	$760	($226,935)	($226,175)
Salary increase		174,561	6,969	181,530
Health insurance increase		90,278	4,462	94,740
Restore funding for the Midwestern Higher Education Compact		230,000		230,000
Total	(0.50)	$495,599	($215,504)	$280,095

The following schedule details funding adjustments for Core Technology Services:

Core Technology Services

	General Fund	Other Funds	Total
Base payroll changes	$16	$59	$75
Salary increase	404,597	263,475	668,072
Health insurance increase	320,616	213,796	534,412
Remove funding from the student loan trust fund		(539,437)	(539,437)
Total	$725,229	($62,107)	$663,122

The following schedule details funding adjustments in other line items in the University System office budget:

	Funding Adjustments to Other Line Items			
	Base Level	General Fund Adjustment	Other Funds Adjustment	House Version
Capital bond payments	$6,605,326	($1,645,878)		$4,959,448
Title II	1,006,472		($1,006,472)	0
Student financial assistance grants	21,917,306	2,000,000		$23,917,306
Professional student exchange program	3,699,342	465,307	(465,307)	3,699,342
Tribal college grants	600,000	400,000	(500,000)	500,000
Education incentive programs	2,863,393	(2,103,393)		760,000
Dual-credit instructor assistance	200,000		(200,000)	0
Tier III capital building fund pool		4,000,000	5,000,000	9,000,000
Challenge grants		2,200,000		2,200,000
Total	$36,891,839	$5,316,036	$2,828,221	$45,036,096

[2] The following adjustments are made to institution general fund appropriations through the higher education funding formula:

	Credit Hour Completion Adjustment	Salary Increase	Health Insurance Increase	Hold Harmless Provision	Total Increase
Bismarck State College	($822,345)	$536,167	$580,957		$294,779
Dakota College at Bottineau	(233,523)	110,595	167,743		44,815
Lake Region State College	(292,840)	223,963	241,512		172,635
State College of Science	(64,604)	625,495	688,451		1,249,342
Williston State College	1,289,220	179,354	182,653		1,651,227
Dickinson State University	(228,509)	331,284	382,362		485,137
Mayville State University	1,443,653	293,670	343,445		2,080,768
Minot State University	(2,300,918)	721,208	799,191	$710,879	(69,640)
Valley City State University	(217,974)	354,107	466,441		602,574
North Dakota State University	(716,330)	2,305,373	2,164,246		3,753,289
University of North Dakota	3,544	3,426,959	3,296,596		6,727,099
UND School of Medicine	6,580,445				6,580,445
Total	$4,439,819	$9,108,175	$9,313,597	$710,879	$23,572,470

[3] The following adjustments are made to institution other funds appropriations and FTE positions:

	FTE Positions Adjustment	Salary Increase	Health Insurance Increase	Other Adjustments	Total
Bismarck State College	(34.42)	$684,881	$793,112	($6,219,947)	($4,741,954)
Lake Region State College	(11.51)	240,968	297,550	238,878	777,396
Williston State College	(0.27)	244,194	249,961	(1,067,630)	(573,475)
University of North Dakota	(85.90)	6,998,168	6,588,173	(60,997)	13,525,344
UND School of Medicine	49.57	1,554,668	1,318,041	1,895,615	4,768,324
North Dakota State University	(25.50)	5,703,094	6,069,593	(6,312,543)	5,460,144
State College of Science	(34.31)	557,546	742,674	1,060,503	2,360,723
Dickinson State University	44.36	339,891	408,144	(29,905)	718,130
Mayville State University	(1.26)	382,722	621,084	69,194	1,073,000
Minot State University	(34.07)	832,505	1,032,444	(700,085)	1,164,864
Valley City State University	(22.07)	257,239	340,031	(3,209,214)	(2,611,944)
Dakota College at Bottineau	(2.01)	94,244	147,723	524,901	766,868
Total	(157.39)	$17,890,120	$18,608,530	($13,811,230)	$22,687,420

[4] Funding of $4,507,252 from the general fund is added to continue funding 35 residency positions at the University of North Dakota School of Medicine and Health Sciences. Funding for the residency positions provided through the

funding formula is transferred to the healthcare workforce initiative line item from the operations line item to provide total funding of $10,676,150 for the residency program.

[5] One-time funding of $250,000 from the general fund is added for the digitization of documents at the Theodore Roosevelt Center.

[6] One-time funding is added for the following capital building projects:

	Other Funds
LRSC precision agriculture center	$3,000,000
UND athletics High Performance Center phase II	35,000,000
UND Memorial Union (revenue bonds)	80,000,000
NDSU Barry Hall	3,000,000
NDSU indoor practice facility	37,200,000
NDSU softball indoor facility	2,000,000
NDSU University Village phase II (revenue bonds)	37,600,000
Total	$197,800,000

[7] One-time funding, including $10 million from Bank of North Dakota profits, is added as Tier II funding to establish a capital building fund at each institution as follows:

	Bank of North Dakota	1 Percent Tuition Increase	Institution Match	Total
Bismark State College	$425,693	$413,848	$839,541	$1,679,082
Lake Region State College	177,375	136,763	314,138	628,276
Williston State College	137,947	79,959	217,906	435,812
University of North Dakota	4,361,801	3,334,928	7,696,729	15,393,458
North Dakota State University	2,899,596	3,301,310	6,200,906	12,401,812
State College of Science	500,695	268,296	768,991	1,537,982
Dickinson State University	268,862	209,959	478,821	957,642
Mayville State University	240,029	176,887	416,916	833,832
Minot State University	572,801	448,613	1,021,414	2,042,828
Valley City State University	309,137	205,206	514,343	1,028,686
Dakota College at Bottineau	106,064	72,786	178,850	357,700
Total	$10,000,000	$8,648,555	$18,648,555	$37,297,110

[8] The following funding adjustments are made for the Forest Service:

Forest Service

	FTE Positions	General Fund	Other Funds	Total
Base payroll changes			$14,652	$14,652
Salary increase		$94,921		94,921
Health insurance increase		120,476		120,476
Total	0.00	$215,397	$14,652	$230,049

House Bill No. 1003 - Other Changes - House Action

This amendment also:

- Restores language in Title 15 of the North Dakota Century Code, relating to the Midwestern Higher Education Compact.
- Amends Section 15-10-49 to include Dickinson State University as an eligible institution for the higher education challenge grant program.
- Adds 3 new subsections to section 15-10-63, relating to capital project authorization.
- Amends Section 15-18.2-02 to transition funding for residency positions and the University of North Dakota School of Medicine and Health Sciences to a separate line item outside of the formula.
- Amends Section 15-18.2-06 to continue the hold harmless clause of the higher education funding formula.
- Amends Section 15-62.4-03 relating to the student financial assistance program to increase the maximum annual award from $1,950 to $2,200.
- Repeals Section 15-10-61 relating to the dual-credit instructor assistance pilot program.
- Adds a section to provide for a portion of the funding formula allocation attributable to inflation to be transferred between the University of North Dakota and the University of North Dakota School of Medicine and Health

Sciences.

- Adds a section to authorize the State Board of Higher Education to issue and sell revenue bonds for capital projects.
- Adds sections to provide requirements relating to Tier II and Tier III capital building fund moneys.
- Adds a section to provide for tuition increase limits.

Att 1 HB1003 2/13/2019

House Appropriations Committee - Education and Environmental Division HB1003

	Tier I Extraordinary Repairs			Tier II Capital Building Fund				Tier III Capital Building Fund			
Institution	Base Funding Formula allocated to Extraordinary Repairs (General Funds)	2 for 1 Institution Match (Special Funds)	Tier I Appropriation & Required Match	Institution Match at 1 to 1 (Special Funds)	Tuition Funds (1%/1%)	$10M BND Funds	Tier II Totals	Capital Building Fund (GF-$4M & BND $5M)	2 for 1 Match	Tier III Totals	Totals
BSC	417,673	835,346	1,253,019	839,541	413,848	425,693	1,679,083	500,000	1,000,000	1,500,000	4,432,102
DCB	114,007	228,014	342,021	178,850	72,786	106,064	357,700	500,000	1,000,000	1,500,000	2,199,721
LRSC	155,367	310,734	466,101	314,138	136,763	177,375	628,276	500,000	1,000,000	1,500,000	2,594,377
NDSCS	1,012,379	2,024,758	3,037,137	768,991	268,296	500,695	1,537,982	500,000	1,000,000	1,500,000	6,075,119
WSC	197,801	395,602	593,403	217,906	79,959	137,947	435,812	500,000	1,000,000	1,500,000	2,529,215
DSU	409,078	818,156	1,227,234	478,821	209,959	268,862	957,641	500,000	1,000,000	1,500,000	3,684,875
MASU	358,992	717,984	1,076,976	416,916	176,887	240,029	833,833	500,000	1,000,000	1,500,000	3,410,809
MISU	899,620	1,799,240	2,698,860	1,021,414	448,613	572,801	2,042,828	500,000	1,000,000	1,500,000	6,241,688
VCSU	408,319	816,638	1,224,957	514,343	205,206	309,137	1,028,685	500,000	1,000,000	1,500,000	3,753,642
NDSU	2,732,244	5,464,488	8,196,732	6,200,906	3,301,310	2,899,596	12,401,811	2,250,000	4,500,000	6,750,000	27,348,543
UND	4,411,566	8,823,132	13,234,698	7,696,730	3,334,928	4,361,802	15,393,459	2,250,000	4,500,000	6,750,000	35,378,157
TOTAL	**11,117,046**	**22,234,092**	**33,351,138**	**18,648,555**	**8,648,555**	**10,000,000**	**37,297,110**	**9,000,000**	**18,000,000**	**27,000,000**	**97,648,248**

Institution Capital Funding Options
State General Funds
North Dakota Building Authority Bonds - State of ND has $213 million of available bonding capacity.
Revenue bonds for housing, dining, student union and other facilities or projects.
Proposed Senate Bill 2297 - ND Building Authority Bonds of $151,700,000- NDSU- Dunbar Hall $51,200,000; VCSU Communications & Fine Arts Center $32,000,000; NDSU Agriculture products development center and NCI project $64,000,000; DSU Pulver Hall project $4,500,000.
Proposed Senate Bill 2275 -Establishes a essential infrastructure revolving loan fund. Institutions may borrow through Bank of North Dakota up to $25,000,000, maximum term is 30 years with an interest rate not to exceed 2% for Infrastructure projects(sewer & water lines, storm water infrastructure including curb and gutter construction and road infrastructure. $500,000,000 in bonding authority is available to finance the essential infrastructure revolving loan fund for up to 20 years.
Private gifts and donations through institution foundations.

Department 215 - North Dakota University System Office
House Bill No. 1003

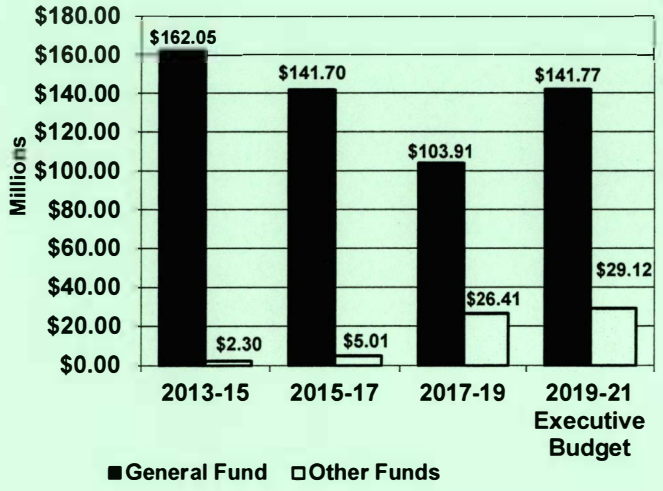
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	148.90	$141,769,613	$29,124,339	$170,893,952
2017-19 Legislative Appropriations	149.40	103,909,530	26,412,106	130,321,636
Increase (Decrease)	(0.50)	$37,860,083	$2,712,233	$40,572,316

Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	$101,769,613	$40,000,000	$141,769,613
2017-19 Legislative Appropriations	101,639,530	2,270,000	103,909,530
Increase (Decrease)	$130,083	$37,730,000	$37,860,083

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	$141,769,613	$29,124,339	$170,893,952
2019-21 Base Level	101,639,530	26,412,106	128,051,636
Increase (Decrease)	$40,130,083	$2,712,233	$42,842,316

First House Action

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

Executive Budget Highlights (With First House Changes in Bold)

	General Fund	Other Funds	Total
1. Provides funding for employee salary and benefit increases, of which $1,417,672 is for salary increases, $532,849 is for health insurance increases, and $45,568 is for retirement contribution increases. **The House added funding for salary adjustments of 2 percent per year and increases in health insurance premiums from $1,241 to $1,427 per month. The House did not add funding for retirement contribution increases.**	$1,345,764	$650,325	$1,996,089
2. Reduces funding for operations by 5 percent. **The House did not reduce funding for operations by 5 percent.**	($2,311,733)	$0	($2,311,733)
3. Increases funding for academic and career and technical education scholarships, to provide a total of $14,956,552. **The**	$2,939,803	$0	$2,939,803

House did not increase funding for academic and career and technical education scholarships.			
4. Replaces ongoing funding from the student loan trust fund for the professional student exchange program, tribal college grants, and ConnectND campus solution positions. **The House replaced $865,307 of the funding from the student loan trust fund, including $465,307 for the professional student exchange program and $400,000 for tribal college grants.**	$1,504,744	($1,504,744)	$0
5. Increases funding for tribal college grants to provide a total of $1 million from the general fund. **The House provided a total of $500,000 from the general fund for tribal college grants.**	$400,000	$0	$400,000
6. Removes funding for the dual credit instructor assistance program	$0	($200,000)	($200,000)
7. Removes federal funding for Title II	$0	($1,006,472)	($1,006,472)
8. Transfers administration of the teacher shortage loan forgiveness program to the Department of Public Instruction	($2,103,393)	$0	($2,103,393)
9. Reduces funding for capital bond payments	($1,645,878)	$0	($1,645,878)
10. Adds **one-time funding** for higher education challenge matching grants. **The House added $2,200,000 of one-time funding for higher education challenge matching grants.**	$40,000,000	$0	$40,000,000
11. Adds **one-time funding** from the strategic investment and improvements fund for online curriculum development grants. **The House did not provide funding for online curriculum development grants.**	$0	$5,000,000	$5,000,000

Other Sections in House Bill No. 1003

Midwestern Higher Education Compact - Section 3 restores the Midwestern Higher Education Compact to the North Dakota Century Code.

Higher education challenge grants - Section 4 adjusts the higher education challenge grant program statutory language and provides for the distribution of $2.2 million of grant funds to eligible institutions, including Dickinson State University.

Capital project authorization - Sections 5, 6, and 7 provide for legislative approval requirements relating to capital projects and the establishment of a 3 percent maintenance reserve account for new facilities.

Higher education funding formula - Sections 8 and 9 adjust the higher education funding formula established in North Dakota Century Code Chapter 15-18.2, including adjusting the credit weighting for medical school credits and adjusting the base credit-hour funding rates.

Student financial assistance grants - Section 10 increases the maximum annual award under the student financial assistance grant program from $1,950 to $2,200 per year.

Carryover authority - Section 11 continues the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.

Dual-credit instructor assistance - Section 12 repeals law relating to the dual-credit instructor assistance program.

Additional funds appropriation authority - Section 13 appropriates any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 14 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

University of North Dakota School of Medicine and Health Sciences funding - Section 15 provides that a portion of the operations funding appropriated to the University of North Dakota (UND) may be transferred to the UND School of Medicine and Health Sciences based on the recommendation of the Commissioner of Higher Education.

Transfer authority - Section 16 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets and capital building fund line items if the board determines that additional funds are needed for capital projects or extraordinary repairs.

FTE positions - Section 17 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Extraordinary repairs matching funds - Section 18 requires institutions to match state extraordinary repairs funding on a $2 to $1 basis using operations or other funding.

Bond issue authorization - Section 19 authorizes the State Board of Higher Education to arrange for $117,600,000 of revenue bonds for the Memorial Union project at UND ($80,000,000) and University Village Phase 2 at North Dakota State University ($37,600,000). Section 24 provides that this section is an emergency measure.

Capital building funds - Sections 20, 21, and 22 provide for the establishment of capital building funds at each institution, establish matching fund requirements, and authorize the use of capital building fund money for certain capital projects. Section 24 provides these sections are an emergency measure.

Tuition rate increase limitation - Section 23 limits tuition rate increases to 3 percent per year. An institution may increase tuition by an additional 1 percent if it has secured matching funds to place the revenue from the additional 1 percent tuition increase in its capital building fund.

Additional Funds Appropriation Authority

Additional special funds received - Section 13 of House Bill No. 1003 appropriates any additional federal, private, and other local funds received by entities under the control of the State Board of Higher Education, including tuition revenue, to the respective entities during the 2019-21 biennium.

Significant Audit Findings

The State Auditor's office conducted a performance audit followup of the University System office. The State Auditor's office reported in June 2017:

- The University System office has fully implemented 5 of the 11 recommendations presented in the original performance audit report;
- Three recommendations were considered partially implemented; and
- Three recommendations were considered not implemented, including recommendations relating to:
  - The University System's internal audit function;
  - The Indian Scholarship program; and
  - Records management.

Major Related Legislation

House Bill No. 1013 - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions. The following is a comparison of distributions from permanent funds during the 2017-19 biennium and the 2019-21 executive budget recommendation:

Institution	2017-19 Distribution	2019-21 Distribution	Increase (Decrease)
North Dakota State University	$4,738,000	$5,916,000	$1,178,000
University of North Dakota	3,662,000	4,504,000	842,000
North Dakota State College of Science	1,446,286	1,736,000	289,714
Valley City State University	808,000	1,034,000	226,000
Mayville State University	542,000	668,000	126,000
Dakota College at Bottineau	186,286	242,000	55,714
Dickinson State University	186,286	242,000	55,714
Minot State University	186,286	242,000	55,714
Total	$11,755,144	$14,584,000	$2,828,856

House Bill No. 1029 - Provides for a Legislative Management higher education funding formula review committee.

House Bill No. 1120 - Provides for the conveyance of property by Dickinson State University.

House Bill No. 1122 - Expands eligibility under the North Dakota career and technical education scholarship and North Dakota academic scholarship programs to include high school students enrolled in dual-credit courses.

House Bill No. 1171 - Provides for a skilled workforce student loan repayment program.

Senate Bill No. 2016 - Increases the National Guard tuition waiver from 25 to 35 percent.

Senate Bill No. 2039 - Provides for a skilled workforce scholarship program.

Senate Bill No. 2275 - Expands eligibility relating to the infrastructure revolving loan fund to include University System institutions.

Senate Bill No. 2282 - Provides $45 million from legacy fund earnings for an economic diversity through research grant program.

Senate Bill No. 2297 - Provides $165,975,000 of bonding authority for capital projects at North Dakota State University, Dickinson State University, and Valley City State University.

House Concurrent Resolution No. 3016 - Provides for the removal of University System institutions from the constitution.

University System Office - Budget No. 215
House Bill No. 1003
Base Level Funding Changes

	Executive Budget Recommendation				House Version			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total
2019-21 Biennium Base Level	149.40	$101,639,530	$26,412,106	$128,051,636	149.40	$101,639,530	$26,412,106	$128,051,636
2019-21 Ongoing Funding Changes								
Base payroll changes	(0.50)	$776	($226,876)	($226,100)	(0.50)	$776	($226,876)	($226,100)
Salary increase		966,357	451,315	1,417,672		579,158	270,444	849,602
Health insurance increase		349,465	183,384	532,849		410,894	218,258	629,152
Retirement contribution increase		29,942	15,626	45,568				0
Reduce operations by 5 percent		(2,311,733)		(2,311,733)				0
Increase funding for academic and career and technical education scholarships		2,939,803		2,939,803				0
Increase funding for student financial assistance grants				0		2,000,000		2,000,000
Replace ongoing funding from the student loan trust fund for PSEP, tribal college grants, and ConnectND		1,504,744	(1,504,744)	0		865,307	(1,504,744)	(639,437)
Restore funding for MHEC				0		230,000		230,000
Increase funding for tribal college grants		400,000		400,000				0
Remove funding for the dual credit instructor assistance program			(200,000)	(200,000)			(200,000)	(200,000)
Remove funding for Title II			(1,006,472)	(1,006,472)			(1,006,472)	(1,006,472)
Transfer the teacher shortage loan forgiveness program to DPI		(2,103,393)		(2,103,393)		(2,103,393)		(2,103,393)
Reduce funding for capital bond payments		(1,645,878)		(1,645,878)		(1,645,878)		(1,645,878)
Total ongoing funding changes	(0.50)	$130,083	($2,287,767)	($2,157,684)	(0.50)	$336,864	($2,449,390)	($2,112,526)
One-time funding items								
Add funding for online curriculum development grants			$5,000,000	$5,000,000				$0
Add funding for higher education challenge matching grants		$40,000,000		40,000,000		$2,200,000		2,200,000
Add funding for Tier III capital building fund pool				0		4,000,000	$5,000,000	9,000,000
Total one-time funding changes	0.00	$40,000,000	$5,000,000	$45,000,000	0.00	$6,200,000	$5,000,000	$11,200,000
Total Changes to Base Level Funding	(0.50)	$40,130,083	$2,712,233	$42,842,316	(0.50)	$6,536,864	$2,550,610	$9,087,474
2019-21 Total Funding	148.90	$141,769,613	$29,124,339	$170,893,952	148.90	$108,176,394	$28,962,716	$137,139,110

Other Sections for University System Office - Budget No. 215

	Executive Budget Recommendation	House Version
Strategic investment and improvements fund	Section 3 would provide that funding for the online curriculum development grants ($5,000,000) is from the strategic investment and improvements fund.	
Midwestern Higher Education Compact		Section 3 restores the Midwestern Higher Education Compact to North Dakota Century Code Title 15.
Higher education challenge grants	Sections 4 and 5 would adjust the higher education challenge grant program statutory language and provide for the distribution of $40 million of funds to eligible institutions.	Section 4 adjusts the higher education challenge grant program to restore program eligibility to Dickinson State University.
Capital project authorization		Sections 5, 6, and 7 create new subsections to Section 15-10-63 relating to capital project authorization.
Higher education funding formula	Sections 6, 7, and 8 would make adjustments to the higher education funding formula established in Chapter 15-18.2, including adjusting the credit weighting for medical school credits, adjusting the base credit-hour funding rates, and extending the sunset clause on the hold harmless provision in the formula through June 30, 2021.	Sections 8 and 9 adjust the higher education funding formula established in Chapter 15-18.2, including adjusting the credit weighting for medical school credits and adjusting the base credit-hour funding rates.
Student financial assistance grants		Section 10 increases the maximum annual award under the student financial assistance grant program from $1,950 to $2,200.
Carryover authority	Section 9 would continue the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.	Section 11 continues the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.
Dual credit instructor assistance		Section 12 repeals Section 15-10-61, relating to dual-credit instructor assistance.
Additional funds appropriation authority	Section 10 would appropriate any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.	Section 13 appropriates any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.
Project management oversight	Section 11 would require capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.	Section 14 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.
Statewide memberships	Section 12 would identify the amount of funding included in the University System office budget for statewide membership dues.	
UND School of Medicine and Health Sciences funding	Section 13 would provide that a portion of the operations funding appropriated to the University of North Dakota (UND) may be transferred to the UND School of Medicine and Health Sciences based on the recommendation of the Commissioner of Higher Education.	Section 15 provides that a portion of the operations funding appropriated to UND may be transferred to the UND School of Medicine and Health Sciences based on the recommendation of the Commissioner of Higher Education.

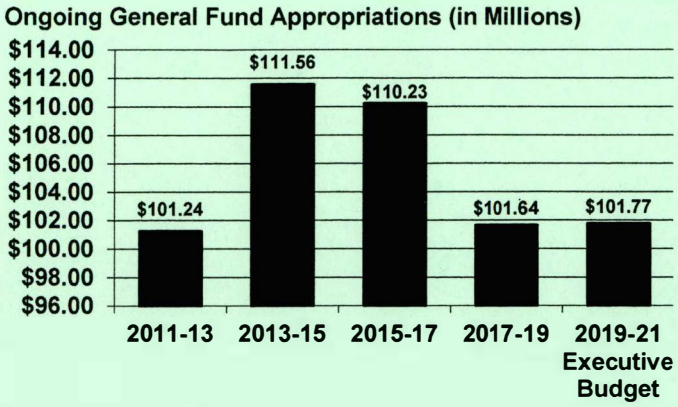
Other Sections for University System Office - Budget No. 215

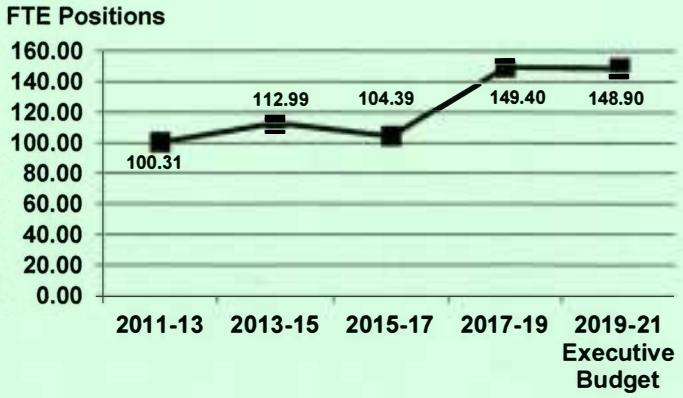
	Executive Budget Recommendation	House Version
Transfer authority	Section 14 would provide that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital projects or extraordinary repairs.	Section 16 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital projects or extraordinary repairs.
FTE positions	Section 15 would authorize the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.	Section 17 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.
Extraordinary repairs matching funds	Section 19 would require institutions to match state extraordinary repairs funding on a $2 to $1 basis using operations or other funding.	Section 18 requires institutions to match state extraordinary repairs funding on a $2 to $1 basis using operations or other funding.
Bond issue authorization	Section 16 would authorize the State Board of Higher Education to arrange for $120,100,000 of revenue bonds for a new dining facility at Dakota College at Bottineau ($2,500,000), the Memorial Union project at UND ($80,000,000), and University Village Phase 2 at North Dakota State University ($37,600,000). Section 20 would provide that this section as an emergency measure.	Section 19 authorizes the State Board of Higher Education to arrange for $117,600,000 of revenue bonds for the Memorial Union project at UND ($80,000,000) and University Village Phase 2 at North Dakota State University ($37,600,000). Section 24 provides that this section is an emergency measure.
Challenge grants carryover authority	Section 17 would authorize the State Board of Higher Education to continue unexpended 2013-15 biennium appropriations for the higher education challenge grant program into the 2019-21 biennium.	
Challenge grants matching funds	Section 18 would authorize institution foundations to use any funds raised beginning January 1, 2019, and ending June 30, 2021, as matching funds for the 2019-21 biennium.	
Capital building funds		Sections 20, 21, and 22, provide for institution capital building funds.
Tuition rate increase limitation		Section 23 limits resident undergraduate tuition rate increases to 3 percent per year. The section allows institutions to increase tuition by an additional 1 percent per year if the institution has provided matching funds for the 1 percent increase, to be deposited in the institution's capital building fund.
Emergency		Section 24 provides a emergency declaration for capital project related items.

Department 215 - North Dakota University System Office

Historical Appropriations Information

Ongoing General Fund Appropriations Since 2011-13





Ongoing General Fund Appropriations					
	2011-13	2013-15	2015-17	2017-19	2019-21 Executive Budget
Ongoing general fund appropriations	$101,239,245	$111,561,723	$110,229,818	$101,639,530	$101,769,613
Increase (decrease) from previous biennium	N/A	$10,322,478	($1,331,905)	($8,590,288)	$130,083
Percentage increase (decrease) from previous biennium	N/A	10.2%	(1.2%)	(7.8%)	0.1%
Cumulative percentage increase (decrease) from 2011-13 biennium	N/A	10.2%	8.9%	0.4%	0.5%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2013-15 Biennium

1. Added funding for system governance with specific uses to be determined by the State Board of Higher Education	$2,000,000
2. Transferred internal audit and legal positions from system institutions to the University System office	$3,126,066
3. Increased funding for needs-based student financial assistance grants	$2,220,085
4. Increased funding for the professional student exchange program	$953,577

2015-17 Biennium

1. Increased funding for academic and career and technical education scholarships (This item was affected by the August 2016 budget reductions)	$4,054,677
2. Increased funding for student financial assistance grants (This item was affected by the August 2016 budget reductions)	$4,388,597
3. Reduced funding for system governance	($2,000,000)
4. Transferred 7.6 FTE legal positions to the Attorney General	($2,558,140)
5. Transferred 3 internal audit positions to the State Auditor	($771,964)

2017-19 Biennium

1. Underfunded salaries and wages	($578,097)
2. Adjusted funding for Core Technology Services, including the removal of 1 FTE position	($2,604,292)
3. Reduced funding for student financial assistance grants	($1,968,854)
4. Reduced funding for academic and career and technical education scholarships	($1,117,347)
5. Reduced funding for competitive research grants	($560,475)
6. Eliminated funding for 2-year campus marketing	($747,600)

2019-21 Biennium (Executive Budget Recommendation)

1. Reduces operations funding by 5 percent. **The House did not reduce funding for operations by 5 percent.**	($2,311,733)

2. Increases funding for academic and career and technical education scholarships to provide a total of $14,956,552. **The House did not increase funding for academic and career and technical education scholarships.**	$2,939,803
3. Replaces ongoing funding from the student loan trust fund for the professional student exchange program, tribal college grants, and ConnectND campus solution positions. **The House replaced $865,307 of the funding from the student loan trust fund, including $465,307 for the professional student exchange program and $400,000 for tribal college grants.**	$1,504,744
4. Increases funding for tribal college grants to provide a total of $1 million from the general fund. **The House provided a total of $500,000 from the general fund for tribal college grants.**	$400,000
5. Transfers administration of the teacher shortage loan forgiveness program to the Department of Public Instruction	($2,103,393)
6. Reduces funding for capital bond payments	($1,645,878)

Department 227 - Bismarck State College
House Bill No. 1003

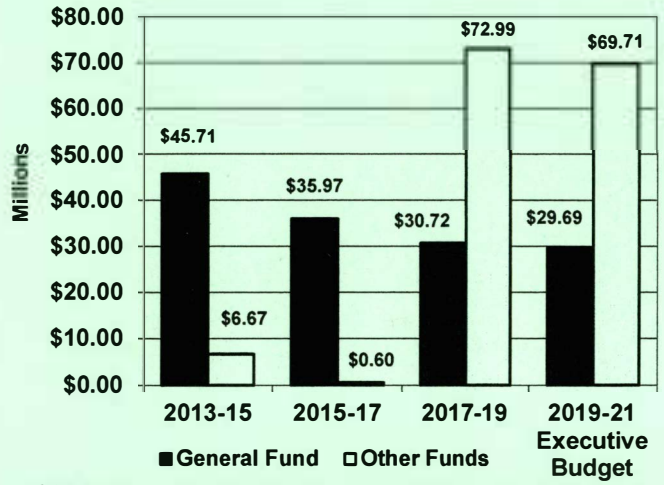
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	323.93	$29,691,827	$69,713,559	$99,405,386
2017-19 Legislative Appropriations	358.35	30,724,971	72,991,998	103,716,969
Increase (Decrease)	(34.42)	($1,033,144)	($3,278,439)	($4,311,583)

Ongoing and One-Time General Fund Appropriations

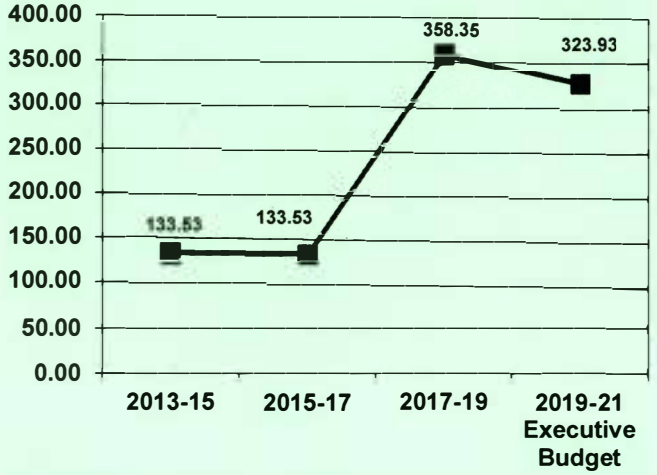
	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	$29,691,827	$0	$29,691,827
2017-19 Legislative Appropriations	30,600,597	124,374	30,724,971
Increase (Decrease)	($908,770)	($124,374)	($1,033,144)

Agency Funding



NOTE: Beginning with the 2017-19 biennium, other funds amounts include the appropriation of certain special funds. See the **Special Funds Appropriations** section below for additional information.

FTE Positions



NOTE: Beginning with the 2017-19 biennium, there was a change in reporting methods for University System FTE positions. See the **FTE Positions** section below for additional information.

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	$29,691,827	$69,713,559	$99,405,386
2019-21 Base Level	30,600,597	72,991,998	103,592,595
Increase (Decrease)	($908,770)	($3,278,439)	($4,187,209)

First House Action

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

Executive Budget Highlights (With First House Changes in Bold)

	General Fund	Other Funds	Total
1. Provides funding adjustments through the higher education funding formula as follows:			
• Reduces funding for institution operations. **The House did not reduce funding for operations.**	($1,488,913)	$0	($1,488,913)
• Adjusts funding to reflect changes in completed student credit-hours	(822,345)	0	(822,345)
• Adds funding for inflationary increases, including employee compensation and benefit adjustments. **The House added funding for salary adjustments of 2 percent per year and increases in health insurance premiums from $1,241 to**	1,402,488	0	1,402,488

$1,427 per month. The House did not add funding for retirement contribution increases.			
Total	($908,770)	$0	($908,770)

FTE Positions

The 2019-21 biennium executive budget recommendation includes authorization of all FTE positions for institutions and entities under the control of the State Board of Higher Education, including positions supported by special funds. Prior to the 2017-19 biennium, only FTE positions supported by the general fund were authorized.

Special Funds Appropriations

The 2019-21 biennium executive budget recommendation includes appropriation authority of all special funds received by the North Dakota University System office and institutions. Prior to the 2017-19 biennium, special funds appropriations for the University System office and institutions were provided only for certain items, such as capital projects.

Other Sections in House Bill No. 1003

Carryover authority - Section 11 continues the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.

Additional funds appropriation authority - Section 13 appropriates any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 14 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

Transfer authority - Section 16 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets and capital building fund line items if the board determines that additional funds are needed for capital projects or extraordinary repairs.

FTE positions - Section 17 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Extraordinary repairs matching funds - Section 18 requires institutions to match state extraordinary repairs funding on a $2 to $1 basis using operations or other funding.

Capital building funds - Sections 20, 21, and 22 provide for the establishment of capital building funds at each institution, establish matching fund requirements, and authorize the use of capital building fund money for certain capital projects. Section 24 provides these sections are an emergency measure.

Tuition rate increase limitation - Section 23 limits tuition rate increases to 3 percent per year. An institution may increase tuition by an additional 1 percent if it has secured matching funds to place the revenue from the additional 1 percent tuition increase in its capital building fund.

Additional Funds Appropriation Authority

Additional special funds received - Section 13 of House Bill No. 1003 appropriates any additional federal, private, and other local funds received by entities under the control of the State Board of Higher Education, including tuition revenue, to the respective entities during the 2019-21 biennium.

Significant Audit Findings

There were no significant audit findings for this institution.

Major Related Legislation

Senate Bill No. 2016 - Increases the National Guard tuition waiver from 25 percent to 35 percent.

Senate Bill No. 2275 - Expands eligibility relating to the infrastructure revolving loan fund to include University System institutions.

Department 228 - Lake Region State College
House Bill No. 1003

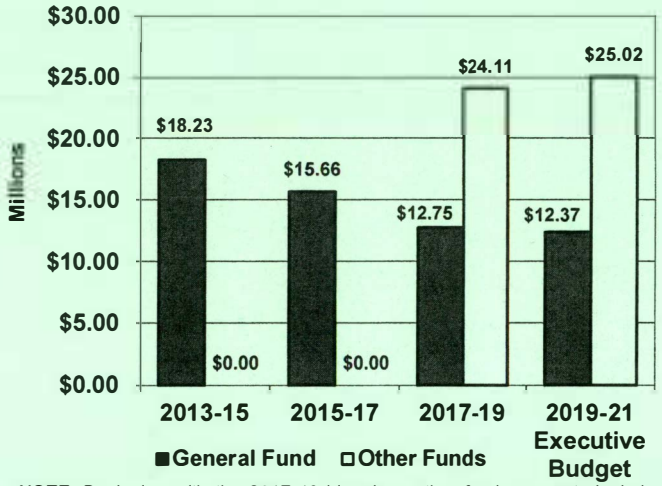
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	118.10	$12,371,772	$25,021,443	$37,393,215
2017-19 Legislative Appropriations	129.61	12,751,580	24,111,092	36,862,672
Increase (Decrease)	(11.51)	($379,808)	$910,351	$530,543

Ongoing and One-Time General Fund Appropriations

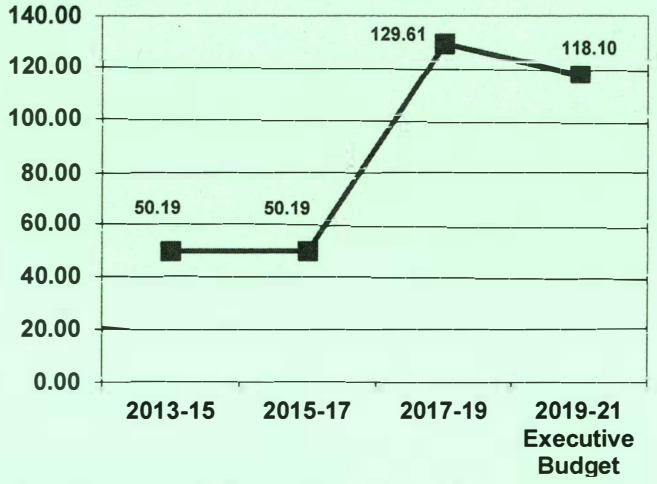
	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	$12,371,772	$0	$12,371,772
2017-19 Legislative Appropriations	12,700,623	50,957	12,751,580
Increase (Decrease)	($328,851)	($50,957)	($379,808)

Agency Funding



NOTE: Beginning with the 2017-19 biennium, other funds amounts include the appropriation of certain special funds. See the **Special Funds Appropriations** section below for additional information.

FTE Positions



NOTE: Beginning with the 2017-19 biennium, there was a change in reporting methods for University System FTE positions. See the **FTE Positions** section below for additional information.

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	$12,371,772	$25,021,443	$37,393,215
2019-21 Base Level	12,700,623	24,111,092	36,811,715
Increase (Decrease)	($328,851)	$910,351	$581,500

First House Action

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

Executive Budget Highlights (With First House Changes in Bold)

	General Fund	Other Funds	Total
1. Provides funding adjustments through the higher education funding formula as follows:			
• Reduces funding for institution operations. **The House did not reduce funding for operations.**	($620,389)	$0	($620,389)
• Adjusts funding to reflect changes in completed student credit-hours	(292,840)	0	(292,840)
• Adds funding for inflationary increases, including employee compensation and benefit adjustments. **The House added funding for salary adjustments of 2 percent per year and increases in health insurance premiums from $1,241 to**	584,378	0	584,378

$1,427 per month. The House did not add funding for retirement contribution increases.			
Total	($328,851)	$0	($328,851)

FTE Positions

The 2019-21 biennium executive budget recommendation includes authorization of all FTE positions for institutions and entities under the control of the State Board of Higher Education, including positions supported by special funds. Prior to the 2017-19 biennium, only FTE positions supported by the general fund were authorized.

Special Funds Appropriations

The 2019-21 biennium executive budget recommendation includes appropriation authority of all special funds received by the North Dakota University System office and institutions. Prior to the 2017-19 biennium, special funds appropriations for the University System office and institutions were provided only for certain items, such as capital projects.

Other Sections in House Bill No. 1003

Carryover authority - Section 11 continues the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.

Additional funds appropriation authority - Section 13 appropriates any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 14 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

Transfer authority - Section 16 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets and capital building fund line items if the board determines that additional funds are needed for capital projects or extraordinary repairs.

FTE positions - Section 17 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Extraordinary repairs matching funds - Section 18 requires institutions to match state extraordinary repairs funding on a $2 to $1 basis using operations or other funding.

Capital building funds - Sections 20, 21, and 22 provide for the establishment of capital building funds at each institution, establish matching fund requirements, and authorize the use of capital building fund money for certain capital projects. Section 24 provides these sections are an emergency measure.

Tuition rate increase limitation - Section 23 limits tuition rate increases to 3 percent per year. An institution may increase tuition by an additional 1 percent if it has secured matching funds to place the revenue from the additional 1 percent tuition increase in its capital building fund.

Additional Funds Appropriation Authority

Additional special funds received - Section 13 of House Bill No. 1003 appropriates any additional federal, private, and other local funds received by entities under the control of the State Board of Higher Education, including tuition revenue, to the respective entities during the 2019-21 biennium.

Significant Audit Findings

There were no significant audit findings for this institution.

Major Related Legislation

Senate Bill No. 2016 - Increases the National Guard tuition waiver from 25 percent to 35 percent.

Senate Bill No. 2275 - Expands eligibility relating to the infrastructure revolving loan fund to include University System institutions.

Department 229 - Williston State College
House Bill No. 1003

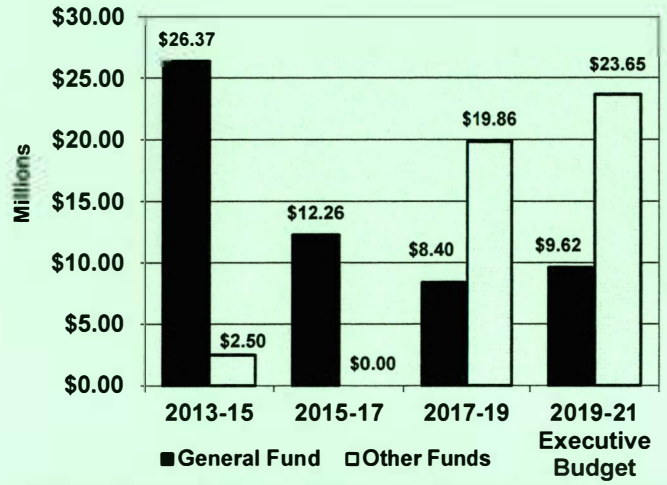
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	100.48	$9,621,716	$23,646,811	$33,268,527
2017-19 Legislative Appropriations	100.75	8,395,347	19,855,598	28,250,945
Increase (Decrease)	(0.27)	$1,226,369	$3,791,213	$5,017,582

Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	$9,621,716	$0	$9,621,716
2017-19 Legislative Appropriations	8,360,503	34,844	8,395,347
Increase (Decrease)	$1,261,213	($34,844)	$1,226,369

Agency Funding



NOTE: Beginning with the 2017-19 biennium, other funds amounts include the appropriation of certain special funds. See the **Special Funds Appropriations** section below for additional information.

FTE Positions



NOTE: Beginning with the 2017-19 biennium, there was a change in reporting methods for University System FTE positions. See the **FTE Positions** section below for additional information.

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	$9,621,716	$23,646,811	$33,268,527
2019-21 Base Level	8,360,503	19,855,598	28,216,101
Increase (Decrease)	$1,261,213	$3,791,213	$5,052,426

First House Action

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

Executive Budget Highlights (With First House Changes in Bold)

	General Fund	Other Funds	Total
1. Provides funding adjustments through the higher education funding formula as follows:			
• Reduces funding for institution operations. **The House did not reduce funding for operations.**	($482,486)	$0	($482,486)
• Adjusts funding to reflect changes in completed student credit-hours	1,289,220	0	1,289,220
• Adds funding for inflationary increases, including employee compensation and benefit adjustments. **The House added funding for salary adjustments of 2 percent per year and increases in health insurance premiums from $1,241 to**	454,479	0	454,479

$1,427 per month. The House did not add funding for retirement contribution increases.			
Total	$1,261,213	$0	$1,261,213

FTE Positions

The 2019-21 biennium executive budget recommendation includes authorization of all FTE positions for institutions and entities under the control of the State Board of Higher Education, including positions supported by special funds. Prior to the 2017-19 biennium, only FTE positions supported by the general fund were authorized.

Special Funds Appropriations

The 2019-21 biennium executive budget recommendation includes appropriation authority of all special funds received by the North Dakota University System office and institutions. Prior to the 2017-19 biennium, special funds appropriations for the University System office and institutions were provided only for certain items, such as capital projects.

Other Sections in House Bill No. 1003

Carryover authority - Section 11 continues the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.

Additional funds appropriation authority - Section 13 appropriates any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 14 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

Transfer authority - Section 16 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets and capital building fund line items if the board determines that additional funds are needed for capital projects or extraordinary repairs.

FTE positions - Section 17 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Extraordinary repairs matching funds - Section 18 requires institutions to match state extraordinary repairs funding on a $2 to $1 basis using operations or other funding.

Capital building funds - Sections 20, 21, and 22 provide for the establishment of capital building funds at each institution, establish matching fund requirements, and authorize the use of capital building fund money for certain capital projects. Section 24 provides these sections are an emergency measure.

Tuition rate increase limitation - Section 23 limits tuition rate increases to 3 percent per year. An institution may increase tuition by an additional 1 percent if it has secured matching funds to place the revenue from the additional 1 percent tuition increase in its capital building fund.

Additional Funds Appropriation Authority

Additional special funds received - Section 13 of House Bill No. 1003 appropriates any additional federal, private, and other local funds received by entities under the control of the State Board of Higher Education, including tuition revenue, to the respective entities during the 2019-21 biennium.

Significant Audit Findings

The State Auditor's office reported Williston State College:

- Inadequately reconciled student finance and marketplace to the general ledger;
- Did not properly reconcile salaries to contracts entered into PeopleSoft;
- Did not properly approve journal entries;
- Did not properly approve reconciliations of purchase card statements;
- Did not adequately document noncash credit adjustments to student accounts;
- Did not properly procure commodities and services in compliance with North Dakota Century Code, University System procedures, and institution policy;
- Did not have blanket bond coverage;
- Did not have adequate controls relating to equipment inventory; and
- Did not properly document travel and general ledger transactions.

Major Related Legislation

Senate Bill No. 2016 - Increases the National Guard tuition waiver from 25 percent to 35 percent.

Senate Bill No. 2275 - Expands eligibility relating to the infrastructure revolving loan fund to include University System institutions.

Department 230 - University of North Dakota
House Bill No. 1003

Executive Budget Comparison to Prior Biennium Appropriations

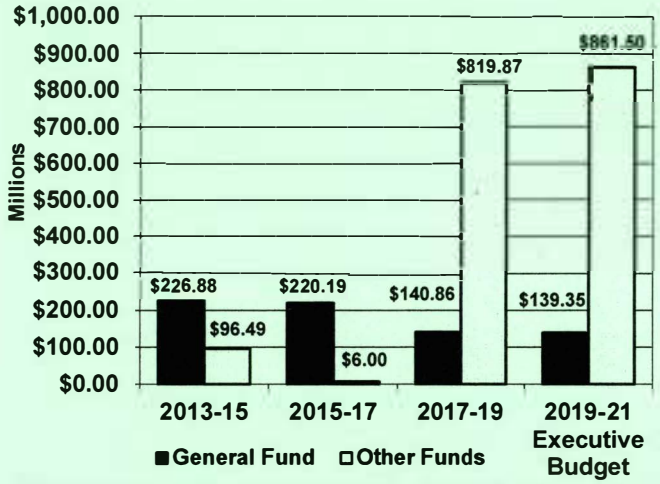
	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	2,132.17	$139,350,537	$861,497,363	$1,000,847,900
2017-19 Legislative Appropriations[1]	2,218.07	140,859,755	819,870,450	960,730,205
Increase (Decrease)	(85.90)	($1,509,218)	$41,626,913	$40,117,695

[1]The 2017-19 biennium agency appropriation amounts have been adjusted to reflect a transfer of operations funding of $5,963,189 from the University of North Dakota (UND) School of Medicine and Health Sciences to UND as provided in Section 22 of Senate Bill No. 2003 (2017).

Ongoing and One-Time General Fund Appropriations

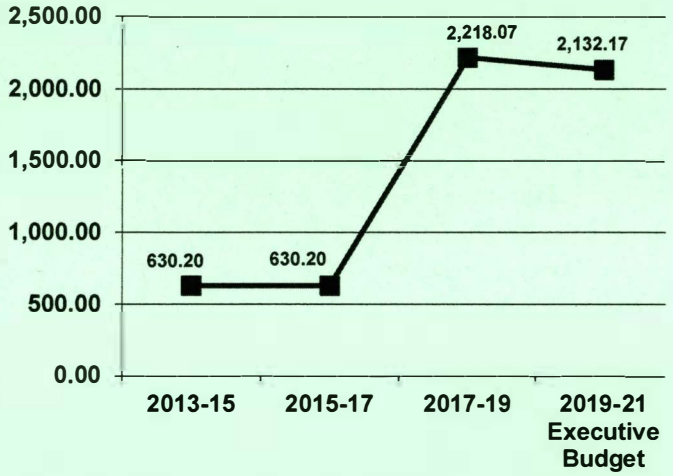
	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	$139,350,537	$0	$139,350,537
2017-19 Legislative Appropriations	140,096,090	763,665	140,859,755
Increase (Decrease)	($745,553)	($763,665)	($1,509,218)

Agency Funding



NOTE: Beginning with the 2017-19 biennium, other funds amounts include the appropriation of certain special funds. See the **Special Funds Appropriations** section below for additional information.

FTE Positions



NOTE: Beginning with the 2017-19 biennium, there was a change in reporting methods for University System FTE positions. See the **FTE Positions** section below for additional information.

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	$139,350,537	$861,497,363	$1,000,847,900
2019-21 Base Level	140,096,090	728,870,450	868,966,540
Increase (Decrease)	($745,553)	$132,626,913	$131,881,360

First House Action

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

Executive Budget Highlights (With First House Changes in Bold)

	General Fund	Other Funds	Total
1. Provides funding adjustments through the higher education funding formula as follows:			
• Reduces funding for institution operations. **The House did not reduce funding for operations.**	($7,004,508)	$0	($7,004,508)
• Adjusts funding to reflect changes in completed student credit-hours	3,544	0	3,544
• Adds funding for inflationary increases, including employee compensation and benefit adjustments. **The House added**	6,255,411	0	6,255,411

funding for salary adjustments of 2 percent per year and increases in health insurance premiums from $1,241 to $1,427 per month. The House did not add funding for retirement contribution increases.			
Total	($745,553)	$0	($745,553)

NOTE: The executive budget recommendation may include certain funding formula adjustments for the UND School of Medicine and Health Sciences in the UND budget. Section 15 of House Bill No. 1003 authorizes UND to transfer funds to the UND School of Medicine and Health Sciences based on the recommendations of the Commissioner of Higher Education.

2. Adds **one-time funding** from special funds derived from revenue bond proceeds for the Memorial Union project	$0	$80,000,000	$80,000,000
3. Adds **one-time funding** from other funds for the athletics High Performance Center Phase 2 project	$0	$35,000,000	$35,000,000

FTE Positions

The 2019-21 biennium executive budget recommendation includes authorization of all FTE positions for institutions and entities under the control of the State Board of Higher Education, including positions supported by special funds. Prior to the 2017-19 biennium, only FTE positions supported by the general fund were authorized.

Special Funds Appropriations

The 2019-21 biennium executive budget recommendation includes appropriation authority of all special funds received by the North Dakota University System office and institutions. Prior to the 2017-19 biennium, special funds appropriations for the University System office and institutions were provided only for certain items, such as capital projects.

Other Sections in House Bill No. 1003

Carryover authority - Section 11 continues the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.

Additional funds appropriation authority - Section 13 appropriates any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 14 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

UND School of Medicine and Health Sciences funding - Section 15 provides that a portion of the operations funding appropriated to UND may be transferred to the UND School of Medicine and Health Sciences based on the recommendation of the Commissioner of Higher Education.

Transfer authority - Section 16 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets and capital building fund line items if the board determines that additional funds are needed for capital projects or extraordinary repairs.

FTE positions - Section 17 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Extraordinary repairs matching funds - Section 18 requires institutions to match state extraordinary repairs funding on a $2 to $1 basis using operations or other funding.

Bond issue authorization - Section 19 authorizes the State Board of Higher Education to arrange for $117.6 million of revenue bonds for the Memorial Union project at UND ($80 million) and University Village Phase 2 at North Dakota State University ($37.6 million). Section 24 provides that this section is an emergency measure.

Capital building funds - Sections 20, 21, and 22 provide for the establishment of capital building funds at each institution, establish matching fund requirements, and authorize the use of capital building fund money for certain capital projects. Section 24 provides these sections are an emergency measure.

Tuition rate increase limitation - Section 23 limits tuition rate increases to 3 percent per year. An institution may increase tuition by an additional 1 percent if it has secured matching funds to place the revenue from the additional 1 percent tuition increase in its capital building fund.

Additional Funds Appropriation Authority

Additional special funds received - Section 13 of House Bill No. 1003 appropriates any additional federal, private, and other local funds received by entities under the control of the State Board of Higher Education, including tuition revenue, to the respective entities during the 2019-21 biennium.

Significant Audit Findings

The State Auditor's office reported UND:

- Improperly evaluated construction management at-risk bids for the Collaborative Energy Complex project, which could have resulted in incorrectly awarding the guaranteed maximum price contract of $12,592,000; and

- Improperly calculated and recorded flight training charges for Aerospace Foundation contract students.

Major Related Legislation

House Bill No. 1013 - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions. The following is a comparison of distributions from permanent funds during the 2017-19 biennium and the 2019-21 executive budget recommendation:

Institution	2017-19 Distribution	2019-21 Distribution	Increase (Decrease)
North Dakota State University	$4,738,000	$5,916,000	$1,178,000
University of North Dakota	3,662,000	4,504,000	842,000
North Dakota State College of Science	1,446,286	1,736,000	289,714
Valley City State University	808,000	1,034,000	226,000
Mayville State University	542,000	668,000	126,000
Dakota College at Bottineau	186,286	242,000	55,714
Dickinson State University	186,286	242,000	55,714
Minot State University	186,286	242,000	55,714
Total	$11,755,144	$14,584,000	$2,828,856

Senate Bill No. 2016 - Increases the National Guard tuition waiver from 25 percent to 35 percent.

Senate Bill No. 2275 - Expands eligibility relating to the infrastructure revolving loan fund to include University System institutions.

Senate Bill No. 2282 - Provides $45 million from legacy fund earnings for an economic diversity through research grant program.

House Concurrent Resolution No. 3016 - Provides for the removal of the University System institutions from the constitution.

Department 232 - University of North Dakota School of Medicine and Health Sciences
House Bill No. 1003

Executive Budget Comparison to Prior Biennium Appropriations

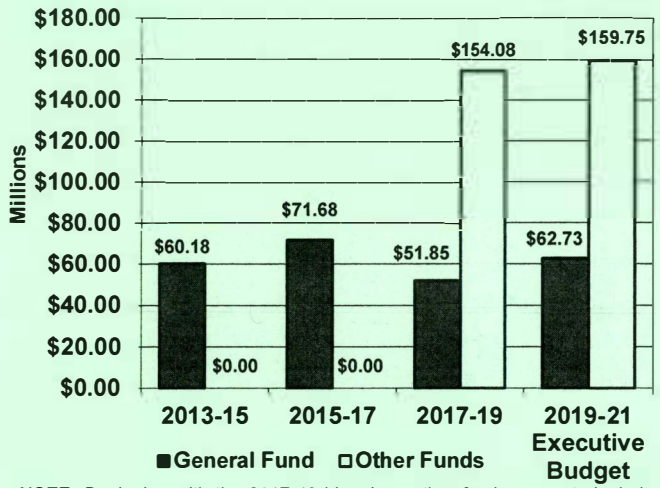
	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	485.32	$62,733,749	$159,750,033	$222,483,782
2017-19 Legislative Appropriations[1]	435.75	51,848,092	154,078,620	205,926,712
Increase (Decrease)	49.57	$10,885,657	$5,671,413	$16,557,070

[1]The 2017-19 biennium agency appropriation amounts have been adjusted to reflect a transfer of operations funding of $5,963,189 from the University of North Dakota (UND) School of Medicine and Health Sciences to UND as provided in Section 22 of Senate Bill No. 2003 (2017).

Ongoing and One-Time General Fund Appropriations

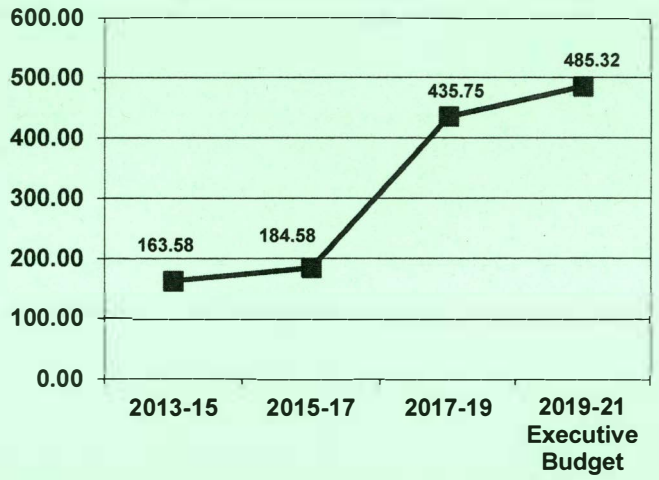
	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	$62,733,749	$0	$62,733,749
2017-19 Legislative Appropriations	51,848,092	0	51,848,092
Increase (Decrease)	$10,885,657	$0	$10,885,657

Agency Funding



NOTE: Beginning with the 2017-19 biennium, other funds amounts include the appropriation of certain special funds. See the **Special Funds Appropriations** section below for additional information.

FTE Positions



NOTE: Beginning with the 2017-19 biennium, there was a change in reporting methods for University System FTE positions. See the **FTE Positions** section below for additional information.

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	$62,733,749	$159,750,033	$222,483,782
2019-21 Base Level	51,848,092	154,078,620	205,926,712
Increase (Decrease)	$10,885,657	$5,671,413	$16,557,070

First House Action

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

Executive Budget Highlights (With First House Changes in Bold)

	General Fund	Other Funds	Total
1. Provides funding adjustments through the higher education funding formula as follows:			
• Reduces funding for institution operations. **The House did not reduce funding for operations.**	($2,612,982)	$0	($2,612,982)
• Adjusts funding to reflect changes in completed student credit-hours, including $6.2 million for residency positions	6,580,445	0	6,580,445
• Adds funding for inflationary increases, including employee compensation and benefit adjustments. **The House added**	2,410,942	0	2,410,942

funding for salary adjustments of 2 percent per year and increases in health insurance premiums from $1,241 to $1,427 per month. The House did not add funding for retirement contribution increases.			
Total	$6,378,405	$0	$6,378,405

NOTE: The executive budget recommendation may include certain funding formula adjustments for the UND School of Medicine and Health Sciences in the UND budget. Section 15 of House Bill No. 1003 authorizes UND to transfer funds to the UND School of Medicine and Health Sciences based on the recommendations of the Commissioner of Higher Education.

2. Adds funding in addition to the amounts provided in the funding formula to continue residency positions added through the health care workforce initiative	$4,507,252	$0	$4,507,252

FTE Positions

The 2019-21 biennium executive budget recommendation includes authorization of all FTE positions for institutions and entities under the control of the State Board of Higher Education, including positions supported by special funds. Prior to the 2017-19 biennium, only FTE positions supported by the general fund were authorized.

Special Funds Appropriations

The 2019-21 biennium executive budget recommendation includes appropriation authority of all special funds received by the North Dakota University System office and institutions. Prior to the 2017-19 biennium, special funds appropriations for the University System office and institutions were provided only for certain items, such as capital projects.

Other Sections in House Bill No. 1003

Carryover authority - Section 11 continues the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.

Additional funds appropriation authority - Section 13 appropriates any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

UND School of Medicine and Health Sciences funding - Section 15 provides that a portion of the operations funding appropriated to UND may be transferred to the UND School of Medicine and Health Sciences based on the recommendation of the Commissioner of Higher Education.

Transfer authority - Section 16 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets and capital building fund line items if the board determines that additional funds are needed for capital projects or extraordinary repairs.

FTE positions - Section 17 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Additional Funds Appropriation Authority

Additional special funds received - Section 13 of House Bill No. 1003 appropriates any additional federal, private, and other local funds received by entities under the control of the State Board of Higher Education, including tuition revenue, to the respective entities during the 2019-21 biennium.

Significant Audit Findings

There were no significant audit findings for this institution.

Major Related Legislation

Senate Bill No. 2282 - Provides $45 million from legacy fund earnings for an economic diversity through research grant program.

House Concurrent Resolution No. 3016 - Provides for the removal of the University System institutions from the constitution.

Department 235 - North Dakota State University
House Bill No. 1003

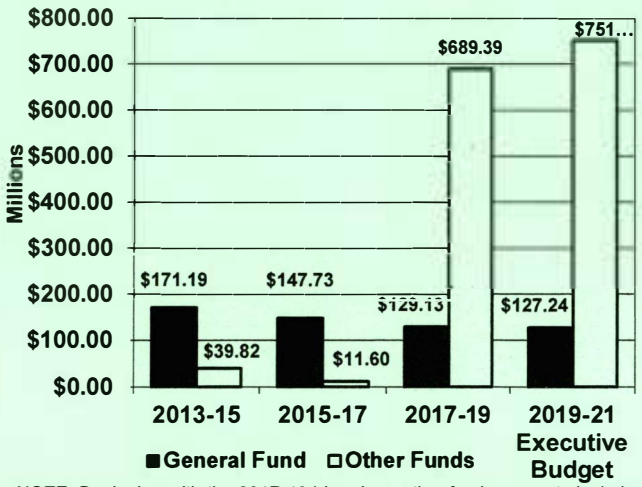
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	1,870.16	$127,242,425	$751,700,739	$878,943,164
2017-19 Legislative Appropriations	1,895.66	129,126,235	689,386,329	818,512,564
Increase (Decrease)	(25.50)	($1,883,810)	$62,314,410	$60,430,600

Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	$127,242,425	$0	$127,242,425
2017-19 Legislative Appropriations	128,591,042	535,193	129,126,235
Increase (Decrease)	($1,348,617)	($535,193)	($1,883,810)

Agency Funding



NOTE: Beginning with the 2017-19 biennium, other funds amounts include the appropriation of certain special funds. See the **Special Funds Appropriations** section below for additional information.

FTE Positions



NOTE: Beginning with the 2017-19 biennium, there was a change in reporting methods for University System FTE positions. See the **FTE Positions** section below for additional information.

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	$127,242,425	$751,700,739	$878,943,164
2019-21 Base Level	128,591,042	611,881,329	740,472,371
Increase (Decrease)	($1,348,617)	$139,819,410	$138,470,793

First House Action

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

Executive Budget Highlights
(With First House Changes in Bold)

	General Fund	Other Funds	Total
1. Provides funding adjustments through the higher education funding formula as follows:			
• Reduces funding for institution operations. **The House did not reduce funding for operations.**	($6,393,735)	$0	($6,393,735)
• Adjusts funding to reflect changes in completed student credit-hours (This amount also reflects the restoration of funding for the Department of Nursing program in Bismarck)	(716,330)	0	(716,330)
• Adds funding for inflationary increases, including employee compensation and benefit adjustments. **The House added funding for salary adjustments of 2 percent per year and increases in health insurance premiums from $1,241 to**	5,761,448	0	5,761,448

$1,427 per month. The House did not add funding for retirement contribution increases.			
Total	($1,348,617)	$0	($1,348,617)
2. Adds **one-time funding** from other funds, including $25,675,000 from the strategic investment and improvements fund, for the Dunbar Hall project. **The House did not provide funding for the Dunbar Hall project.**	$0	$51,350,000	$51,350,000
3. Adds **one-time funding** from other funds for the Barry Hall renovation, indoor practice facility, and softball indoor facility projects	$0	$42,200,000	$42,200,000
4. Adds **one-time funding** from special funds derived from revenue bond proceeds for the University Village Phase 2 project	$0	$37,600,000	$37,600,000

FTE Positions

The 2019-21 biennium executive budget recommendation includes authorization of all FTE positions for institutions and entities under the control of the State Board of Higher Education, including positions supported by special funds. Prior to the 2017-19 biennium, only FTE positions supported by the general fund were authorized.

Special Funds Appropriations

The 2019-21 biennium executive budget recommendation includes appropriation authority of all special funds received by the North Dakota University System office and institutions. Prior to the 2017-19 biennium, special funds appropriations for the University System office and institutions were provided only for certain items, such as capital projects.

Other Sections in House Bill No. 1003

Carryover authority - Section 11 continues the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.

Additional funds appropriation authority - Section 13 appropriates any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 14 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

Transfer authority - Section 16 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets and capital building fund line items if the board determines that additional funds are needed for capital projects or extraordinary repairs.

FTE positions - Section 17 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Extraordinary repairs matching funds - Section 18 requires institutions to match state extraordinary repairs funding on a $2 to $1 basis using operations or other funding.

Bond issue authorization - Section 19 authorizes the State Board of Higher Education to arrange for $117.6 million of revenue bonds for the Memorial Union project at the University of North Dakota ($80 million) and University Village Phase 2 at North Dakota State University ($37.6 million). Section 24 provides that this section is an emergency measure.

Capital building funds - Sections 20, 21, and 22 provide for the establishment of capital building funds at each institution, establish matching fund requirements, and authorize the use of capital building fund money for certain capital projects. Section 24 provides these sections are an emergency measure.

Tuition rate increase limitation - Section 23 limits tuition rate increases to 3 percent per year. An institution may increase tuition by an additional 1 percent if it has secured matching funds to place the revenue from the additional 1 percent tuition increase in its capital building fund.

Additional Funds Appropriation Authority

Additional special funds received - Section 13 of House Bill No. 1003 appropriates any additional federal, private, and other local funds received by entities under the control of the State Board of Higher Education, including tuition revenue, to the respective entities during the 2019-21 biennium.

Significant Audit Findings

The State Auditor's office reported North Dakota State University:

- Was not in compliance with procurement rules, including North Dakota Century Code and University System procedures; and
- Did not have adequate controls over conflicts of interest.

Major Related Legislation

House Bill No. 1013 - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions. The following is a comparison of distributions from permanent funds during the 2017-19 biennium and the 2019-21 executive budget recommendation:

Institution	2017-19 Distribution	2019-21 Distribution	Increase (Decrease)
North Dakota State University	$4,738,000	$5,916,000	$1,178,000
University of North Dakota	3,662,000	4,504,000	842,000
North Dakota State College of Science	1,446,286	1,736,000	289,714
Valley City State University	808,000	1,034,000	226,000
Mayville State University	542,000	668,000	126,000
Dakota College at Bottineau	186,286	242,000	55,714
Dickinson State University	186,286	242,000	55,714
Minot State University	186,286	242,000	55,714
Total	$11,755,144	$14,584,000	$2,828,856

Senate Bill No. 2016 - Increases the National Guard tuition waiver from 25 percent to 35 percent.

Senate Bill No. 2275 - Expands eligibility relating to the infrastructure revolving loan fund to include University System institutions.

Senate Bill No. 2282 - Provides $45 million from legacy fund earnings for an economic diversity through research grant program.

Senate Bill No. 2297 - Provides $165,975,000 of bonding authority for capital projects at North Dakota State University, Dickinson State University, and Valley City State University.

House Concurrent Resolution No. 3016 - Provides for the removal of the University System institutions from the constitution.

Department 238 - North Dakota State College of Science
House Bill No. 1003

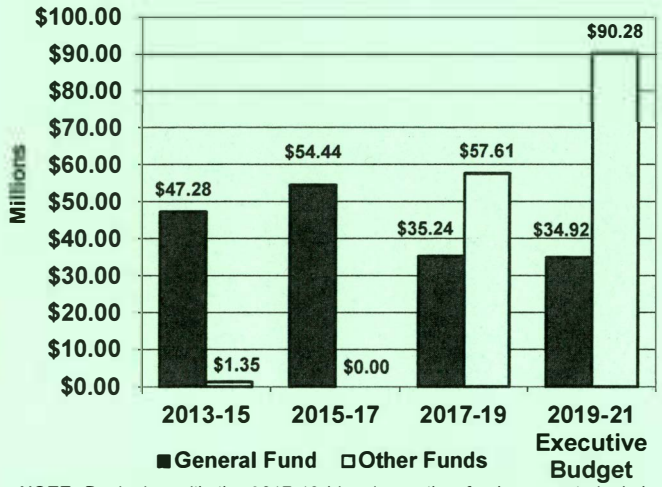
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	310.73	$34,923,120	$90,275,397	$125,198,517
2017-19 Legislative Appropriations	345.04	35,241,463	57,605,613	92,847,076
Increase (Decrease)	(34.31)	($318,343)	$32,669,784	$32,351,441

Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	$34,923,120	$0	$34,923,120
2017-19 Legislative Appropriations	35,089,376	152,087	35,241,463
Increase (Decrease)	($166,256)	($152,087)	($318,343)

Agency Funding



NOTE: Beginning with the 2017-19 biennium, other funds amounts include the appropriation of certain special funds. See the **Special Funds Appropriations** section below for additional information.

FTE Positions



NOTE: Beginning with the 2017-19 biennium, there was a change in reporting methods for University System FTE positions. See the **FTE Positions** section below for additional information.

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	$34,923,120	$90,275,397	$125,198,517
2019-21 Base Level	35,089,376	57,605,613	92,694,989
Increase (Decrease)	($166,256)	$32,669,784	$32,503,528

First House Action

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

Executive Budget Highlights (With First House Changes in Bold)

	General Fund	Other Funds	Total
1. Provides funding adjustments through the higher education funding formula as follows:			
• Reduces funding for institution operations. **The House did not reduce funding for operations.**	($1,751,239)	$0	($1,751,239)
• Adjusts funding to reflect changes in completed student credit-hours	(64,604)	0	(64,604)
• Adds funding for inflationary increases, including employee compensation and benefit adjustments. **The House added funding for salary adjustments of 2 percent per year and increases in health insurance premiums from $1,241 to**	1,649,587	0	1,649,587

$1,427 per month. The House did not add funding for retirement contribution increases.			
Total	($166,256)	$0	($166,256)
2. Adds **one-time funding** from other funds for a workforce career academy. **The House did not provide funding for a workforce career academy.**	$0	$30,000,000	$30,000,000

FTE Positions

The 2019-21 biennium executive budget recommendation includes authorization of all FTE positions for institutions and entities under the control of the State Board of Higher Education, including positions supported by special funds. Prior to the 2017-19 biennium, only FTE positions supported by the general fund were authorized.

Special Funds Appropriations

The 2019-21 biennium executive budget recommendation includes appropriation authority of all special funds received by the North Dakota University System office and institutions. Prior to the 2017-19 biennium, special funds appropriations for the University System office and institutions were provided only for certain items, such as capital projects.

Other Sections in House Bill No. 1003

Carryover authority - Section 11 continues the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.

Additional funds appropriation authority - Section 13 appropriates any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 14 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

Transfer authority - Section 16 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets and capital building fund line items if the board determines that additional funds are needed for capital projects or extraordinary repairs.

FTE positions - Section 17 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Extraordinary repairs matching funds - Section 18 requires institutions to match state extraordinary repairs funding on a $2 to $1 basis using operations or other funding.

Capital building funds - Sections 20, 21, and 22 provide for the establishment of capital building funds at each institution, establish matching fund requirements, and authorize the use of capital building fund money for certain capital projects. Section 24 provides these sections are an emergency measure.

Tuition rate increase limitation - Section 23 limits tuition rate increases to 3 percent per year. An institution may increase tuition by an additional 1 percent if it has secured matching funds to place the revenue from the additional 1 percent tuition increase in its capital building fund.

Additional Funds Appropriation Authority

Additional special funds received - Section 13 of House Bill No. 1003 appropriates any additional federal, private, and other local funds received by entities under the control of the State Board of Higher Education, including tuition revenue, to the respective entities during the 2019-21 biennium.

Significant Audit Findings

The State Auditor's office reported the North Dakota State College of Science is not properly reconciling cash each month.

Major Related Legislation

House Bill No. 1013 - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions. The following is a comparison of distributions from permanent funds during the 2017-19 biennium and the 2019-21 executive budget recommendation:

Institution	2017-19 Distribution	2019-21 Distribution	Increase (Decrease)
North Dakota State University	$4,738,000	$5,916,000	$1,178,000
University of North Dakota	3,662,000	4,504,000	842,000
North Dakota State College of Science	1,446,286	1,736,000	289,714
Valley City State University	808,000	1,034,000	226,000
Mayville State University	542,000	668,000	126,000
Dakota College at Bottineau	186,286	242,000	55,714
Dickinson State University	186,286	242,000	55,714
Minot State University	186,286	242,000	55,714
Total	$11,755,144	$14,584,000	$2,828,856

Senate Bill No. 2016 - Increases the National Guard tuition waiver from 25 percent to 35 percent.

Senate Bill No. 2275 - Expands eligibility relating to the infrastructure revolving loan fund to include University System institutions.

House Concurrent Resolution No. 3016 - Provides for the removal of the University System institutions from the constitution.

Department 239 - Dickinson State University
House Bill No. 1003

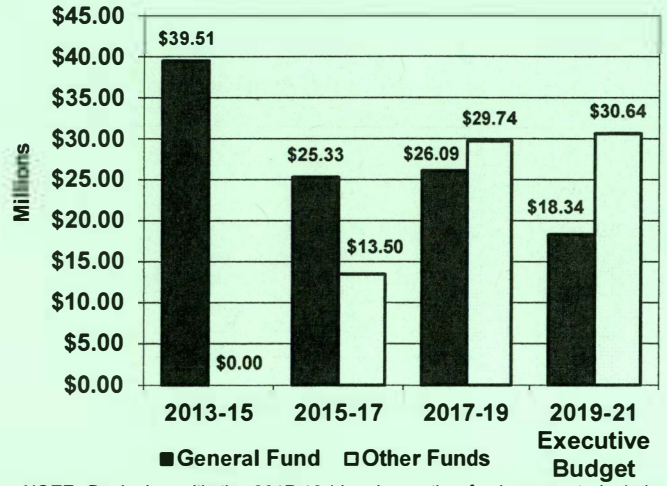
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	213.26	$18,338,442	$30,641,487	$48,979,929
2017-19 Legislative Appropriations	168.90	26,091,469	29,737,827	55,829,296
Increase (Decrease)	44.36	($7,753,027)	$903,660	($6,849,367)

Ongoing and One-Time General Fund Appropriations

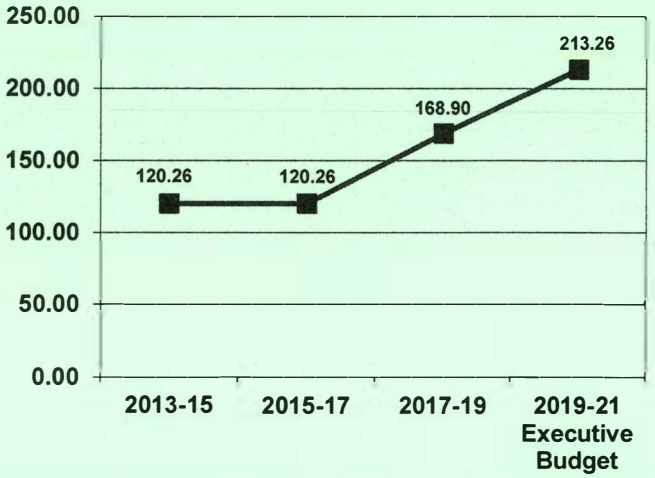
	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	$17,588,442	$750,000	$18,338,442
2017-19 Legislative Appropriations	17,806,843	8,284,626	26,091,469
Increase (Decrease)	($218,401)	($7,534,626)	($7,753,027)

Agency Funding



NOTE: Beginning with the 2017-19 biennium, other funds amounts include the appropriation of certain special funds. See the **Special Funds Appropriations** section below for additional information.

FTE Positions



NOTE: Beginning with the 2017-19 biennium, there was a change in reporting methods for University System FTE positions. See the **FTE Positions** section below for additional information.

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	$18,338,442	$30,641,487	$48,979,929
2019-21 Base Level	17,806,843	29,737,827	47,544,670
Increase (Decrease)	$531,599	$903,660	$1,435,259

First House Action

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

Executive Budget Highlights (With First House Changes in Bold)

	General Fund	Other Funds	Total
1. Provides funding adjustments through the higher education funding formula as follows:			
• Reduces funding for institution operations. **The House did not reduce funding for operations.**	($878,917)	$0	($878,917)
• Adjusts funding to reflect changes in completed student credit-hours	(228,509)	0	(228,509)
• Adds funding for inflationary increases, including employee compensation and benefit adjustments. **The House added funding for salary adjustments of 2 percent per year and increases in health insurance premiums from $1,241 to**	889,025	0	889,025

$1,427 per month. The House did not add funding for retirement contribution increases.			
Total	($218,401)	$0	($218,401)
2. Adds **one-time funding** from the general fund for the digitization of documents at the Theodore Roosevelt Center. **The House added $250,000 for the digitization of documents at the Theodore Roosevelt Center.**	$750,000	$0	$750,000

FTE Positions

The 2019-21 biennium executive budget recommendation includes authorization of all FTE positions for institutions and entities under the control of the State Board of Higher Education, including positions supported by special funds. Prior to the 2017-19 biennium, only FTE positions supported by the general fund were authorized.

Special Funds Appropriations

The 2019-21 biennium executive budget recommendation includes appropriation authority of all special funds received by the North Dakota University System office and institutions. Prior to the 2017-19 biennium, special funds appropriations for the University System office and institutions were provided only for certain items, such as capital projects.

Other Sections in House Bill No. 1003

Carryover authority - Section 11 continues the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.

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Extraordinary repairs matching funds - Section 18 requires institutions to match state extraordinary repairs funding on a $2 to $1 basis using operations or other funding.

Capital building funds - Sections 20, 21, and 22 provide for the establishment of capital building funds at each institution, establish matching fund requirements, and authorize the use of capital building fund money for certain capital projects. Section 24 provides these sections are an emergency measure.

Tuition rate increase limitation - Section 23 limits tuition rate increases to 3 percent per year. An institution may increase tuition by an additional 1 percent if it has secured matching funds to place the revenue from the additional 1 percent tuition increase in its capital building fund.

Additional Funds Appropriation Authority

Additional special funds received - Section 13 of House Bill No. 1003 appropriates any additional federal, private, and other local funds received by entities under the control of the State Board of Higher Education, including tuition revenue, to the respective entities during the 2019-21 biennium.

Significant Audit Findings

The State Auditor's office reported Dickinson State University:

- Did not have adequate controls to ensure proper approval of journal entries;
- Did not have policies regarding nepotism and conflicts of interest;
- Did not maintain a retainage and did not properly capitalize expenses for all contracts; and
- Did not properly procure commodities and services in compliance with North Dakota Century Code, University System procedures, and institution policies.

Major Related Legislation

House Bill No. 1013 - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions. The following is a comparison of distributions from permanent funds during the 2017-19 biennium and the 2019-21 executive budget recommendation:

Institution	2017-19 Distribution	2019-21 Distribution	Increase (Decrease)
North Dakota State University	$4,738,000	$5,916,000	$1,178,000
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North Dakota State College of Science	1,446,286	1,736,000	289,714
Valley City State University	808,000	1,034,000	226,000
Mayville State University	542,000	668,000	126,000
Dakota College at Bottineau	186,286	242,000	55,714
Dickinson State University	186,286	242,000	55,714
Minot State University	186,286	242,000	55,714
Total	$11,755,144	$14,584,000	$2,828,856

House Bill No. 1120 - Provides for the conveyance of property by Dickinson State University.

Senate Bill No. 2016 - Increases the National Guard tuition waiver from 25 percent to 35 percent.

Senate Bill No. 2275 - Expands eligibility relating to the infrastructure revolving loan fund to include University System institutions.

Senate Bill No. 2297 - Provides $165,975,000 of bonding authority for capital projects at North Dakota State University, Dickinson State University, and Valley City State University.

House Concurrent Resolution No. 3016 - Provides for the removal of the University System institutions from the constitution.

Department 240 - Mayville State University
House Bill No. 1003

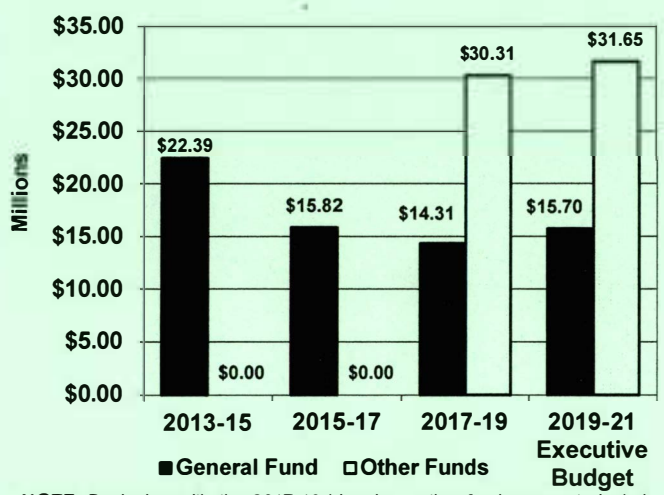
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	209.27	$15,702,282	$31,647,060	$47,349,342
2017-19 Legislative Appropriations	210.53	14,306,518	30,307,148	44,613,666
Increase (Decrease)	(1.26)	$1,395,764	$1,339,912	$2,735,676

Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	$15,702,282	$0	$15,702,282
2017-19 Legislative Appropriations	14,249,605	56,913	14,306,518
Increase (Decrease)	$1,452,677	($56,913)	$1,395,764

Agency Funding



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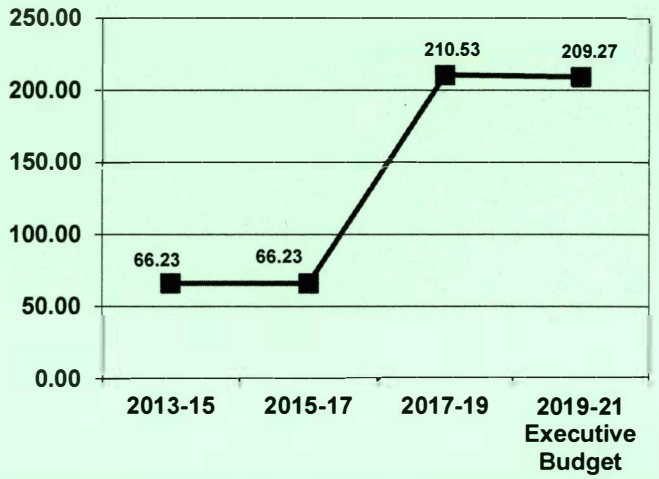
FTE Positions



NOTE: Beginning with the 2017-19 biennium, there was a change in reporting methods for University System FTE positions. See the **FTE Positions** section below for additional information.

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	$15,702,282	$31,647,060	$47,349,342
2019-21 Base Level	14,249,605	30,307,148	44,556,753
Increase (Decrease)	$1,452,677	$1,339,912	$2,792,589

First House Action

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

Executive Budget Highlights (With First House Changes in Bold)

	General Fund	Other Funds	Total
1. Provides funding adjustments through the higher education funding formula as follows:			
• Reduces funding for institution operations. **The House did not reduce funding for operations.**	($784,663)	$0	($784,663)
• Adjusts funding to reflect changes in completed student credit-hours	1,443,653	0	1,443,653
• Adds funding for inflationary increases, including employee compensation and benefit adjustments. **The House added funding for salary adjustments of 2 percent per year and increases in health insurance premiums from $1,241 to**	793,687	0	793,687

$1,427 per month. The House did not add funding for retirement contribution increases.			
Total	$1,452,677	$0	$1,452,677

FTE Positions

The 2019-21 biennium executive budget recommendation includes authorization of all FTE positions for institutions and entities under the control of the State Board of Higher Education, including positions supported by special funds. Prior to the 2017-19 biennium, only FTE positions supported by the general fund were authorized.

Special Funds Appropriations

The 2019-21 biennium executive budget recommendation includes appropriation authority of all special funds received by the North Dakota University System office and institutions. Prior to the 2017-19 biennium, special funds appropriations for the University System office and institutions were provided only for certain items, such as capital projects.

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Tuition rate increase limitation - Section 23 limits tuition rate increases to 3 percent per year. An institution may increase tuition by an additional 1 percent if it has secured matching funds to place the revenue from the additional 1 percent tuition increase in its capital building fund.

Additional Funds Appropriation Authority

Additional special funds received - Section 13 of House Bill No. 1003 appropriates any additional federal, private, and other local funds received by entities under the control of the State Board of Higher Education, including tuition revenue, to the respective entities during the 2019-21 biennium.

Significant Audit Findings

The State Auditor's office reported Mayville State University:

- Is not basing its estimate for the allowance for doubtful accounts on prior results, percentages used are not relevant to the amounts written off, and accounts receivables are not being written off timely; and
- Did not properly procure commodities in compliance with North Dakota Century Code and University System procurement procedures.

Major Related Legislation

House Bill No. 1013 - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions. The following is a comparison of distributions from permanent funds during the 2017-19 biennium and the 2019-21 executive budget recommendation:

Institution	2017-19 Distribution	2019-21 Distribution	Increase (Decrease)
North Dakota State University	$4,738,000	$5,916,000	$1,178,000
University of North Dakota	3,662,000	4,504,000	842,000
North Dakota State College of Science	1,446,286	1,736,000	289,714
Valley City State University	808,000	1,034,000	226,000
Mayville State University	542,000	668,000	126,000
Dakota College at Bottineau	186,286	242,000	55,714
Dickinson State University	186,286	242,000	55,714
Minot State University	186,286	242,000	55,714
Total	$11,755,144	$14,584,000	$2,828,856

Senate Bill No. 2016 - Increases the National Guard tuition waiver from 25 percent to 35 percent.

Senate Bill No. 2275 - Expands eligibility relating to the infrastructure revolving loan fund to include University System institutions.

House Concurrent Resolution No. 3016 - Provides for the removal of the University System institutions from the constitution.

Department 241 - Minot State University
House Bill No. 1003

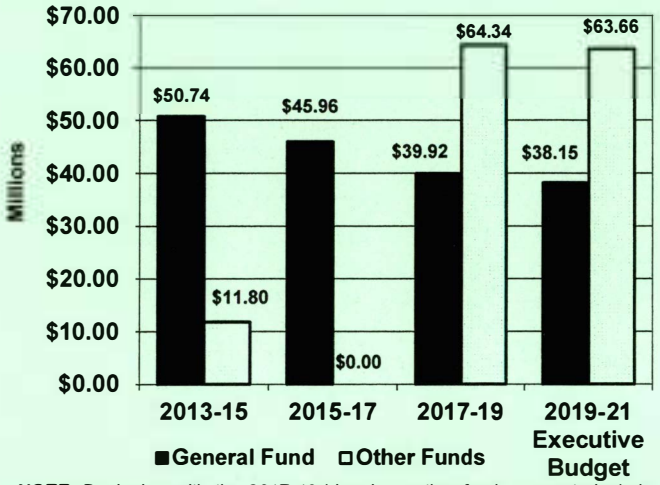
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	407.58	$38,146,932	$63,663,260	$101,810,192
2017-19 Legislative Appropriations	441.65	39,916,756	64,342,916	104,259,672
Increase (Decrease)	(34.07)	($1,769,824)	($679,656)	($2,449,480)

Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	$38,146,932	$0	$38,146,932
2017-19 Legislative Appropriations	39,750,979	165,777	39,916,756
Increase (Decrease)	($1,604,047)	($165,777)	($1,769,824)

Agency Funding



NOTE: Beginning with the 2017-19 biennium, other funds amounts include the appropriation of certain special funds. See the **Special Funds Appropriations** section below for additional information.

FTE Positions



NOTE: Beginning with the 2017-19 biennium, there was a change in reporting methods for University System FTE positions. See the **FTE Positions** section below for additional information.

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	$38,146,932	$63,663,260	$101,810,192
2019-21 Base Level	39,750,979	62,058,916	101,809,895
Increase (Decrease)	($1,604,047)	$1,604,344	$297

First House Action

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

Executive Budget Highlights (With First House Changes in Bold)

	General Fund	Other Funds	Total
1. Provides funding adjustments through the higher education funding formula as follows:			
• Reduces funding for institution operations. **The House did not reduce funding for operations.**	($1,908,047)	$0	($1,908,047)
• Adjusts funding to reflect changes in completed student credit-hours	(2,300,918)	0	(2,300,918)
• Provides funding to limit funding reductions through the funding formula (hold-harmless provision)	710,879	0	710,879
• Adds funding for inflationary increases, including employee compensation and benefit adjustments. **The House added funding for salary adjustments of 2 percent per year and**	1,894,039	0	1,894,039

increases in health insurance premiums from $1,241 to $1,427 per month. The House did not add funding for retirement contribution increases.			
Total	($1,604,047)	$0	($1,604,047)

FTE Positions

The 2019-21 biennium executive budget recommendation includes authorization of all FTE positions for institutions and entities under the control of the State Board of Higher Education, including positions supported by special funds. Prior to the 2017-19 biennium, only FTE positions supported by the general fund were authorized.

Special Funds Appropriations

The 2019-21 biennium executive budget recommendation includes appropriation authority of all special funds received by the North Dakota University System office and institutions. Prior to the 2017-19 biennium, special funds appropriations for the University System office and institutions were provided only for certain items, such as capital projects.

Other Sections in House Bill No. 1003

Carryover authority - Section 11 continues the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.

Additional funds appropriation authority - Section 13 appropriates any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 14 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

Transfer authority - Section 16 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets and capital building fund line items if the board determines that additional funds are needed for capital projects or extraordinary repairs.

FTE positions - Section 17 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Extraordinary repairs matching funds - Section 18 requires institutions to match state extraordinary repairs funding on a $2 to $1 basis using operations or other funding.

Capital building funds - Sections 20, 21, and 22 provide for the establishment of capital building funds at each institution, establish matching fund requirements, and authorize the use of capital building fund money for certain capital projects. Section 24 provides these sections are an emergency measure.

Tuition rate increase limitation - Section 23 limits tuition rate increases to 3 percent per year. An institution may increase tuition by an additional 1 percent if it has secured matching funds to place the revenue from the additional 1 percent tuition increase in its capital building fund.

Additional Funds Appropriation Authority

Additional special funds received - Section 13 of House Bill No. 1003 appropriates any additional federal, private, and other local funds received by entities under the control of the State Board of Higher Education, including tuition revenue, to the respective entities during the 2019-21 biennium.

Significant Audit Findings

There were no significant audit findings for this institution.

Major Related Legislation

House Bill No. 1013 - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions. The following is a comparison of distributions from permanent funds during the 2017-19 biennium and the 2019-21 executive budget recommendation:

Institution	2017-19 Distribution	2019-21 Distribution	Increase (Decrease)
North Dakota State University	$4,738,000	$5,916,000	$1,178,000
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North Dakota State College of Science	1,446,286	1,736,000	289,714
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Total	$11,755,144	$14,584,000	$2,828,856

Senate Bill No. 2016 - Increases the National Guard tuition waiver from 25 percent to 35 percent.

Senate Bill No. 2275 - Expands eligibility relating to the infrastructure revolving loan fund to include University System institutions.

House Concurrent Resolution No. 3016 - Provides for the removal of the University System institutions from the constitution.

North Dakota University System Institutuions
House Bill No. 1003
Base Level Funding Changes

	Executive Budget Recommendation				House Version			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total
2019-21 Biennium Base Level	6,591.36	$507,176,197	$1,829,598,421	$2,336,774,618	6,591.36	$507,176,197	$1,829,598,421	$2,336,774,618
2019-21 Ongoing Funding Changes								
Base payroll changes	(157.39)		($13,811,230)	($13,811,230)	(157.39)		($13,811,230)	($13,811,230)
Salary increase		15,196,654	30,018,344	45,214,998		9,108,175	17,890,120	26,998,295
Health insurance increase		7,812,061	15,757,812	23,569,873		9,313,597	18,608,530	27,922,127
Retirement contribution increase		458,405	905,498	1,363,903				0
Student credit-hour completion adjustment		4,439,819		4,439,819		4,439,819		4,439,819
Hold-harmless provision		710,879		710,879		710,879		710,879
Funding model reduction		(25,307,427)		(25,307,427)				0
UND SMHS residency program		4,507,252		4,507,252		4,507,252		4,507,252
Adjust special funds authority			8,700,514	8,700,514				0
Total ongoing funding changes	(157.39)	$7,817,643	$41,570,938	$49,388,581	(157.39)	$28,079,722	$22,687,420	$50,767,142
One-time funding items								
UND Athletics High Performance Center Phase II			$35,000,000	$35,000,000			$35,000,000	$35,000,000
UND Memorial Union			80,000,000	80,000,000			80,000,000	80,000,000
NDSU Barry Hall			3,000,000	3,000,000			3,000,000	3,000,000
NDSU indoor practice facility			37,200,000	37,200,000			37,200,000	37,200,000
NDSU softball indoor facility			2,000,000	2,000,000			2,000,000	2,000,000
NDSU University Village Phase II			37,600,000	37,600,000			37,600,000	37,600,000
NDSU Dunbar Hall			51,350,000	51,350,000				0
NDSCS Workforce Career Academy			30,000,000	30,000,000				0
VCSU Communication and Fine Arts Buildin			3,900,000	3,900,000				0
DCB Dining Facility			2,500,000	2,500,000				0
LRSC Precision Agriculture Center				0			3,000,000	3,000,000
DSU Theodore Roosevelt digitization		750,000		750,000		250,000		250,000
Tier II Capital building fund				0			37,297,110	37,297,110
Total one-time funding changes	0.00	$750,000	$282,550,000	$283,300,000	0.00	$250,000	$235,097,110	$235,347,110
Total Changes to Base Level Funding	(157.39)	$8,567,643	$324,120,938	$332,688,581	(157.39)	$28,329,722	$257,784,530	$286,114,252
2019-21 Total Funding	6,433.97	$515,743,840	$2,153,719,359	$2,669,463,199	6,433.97	$535,505,919	$2,087,382,951	$2,622,888,870

Department 242 - Valley City State University
House Bill No. 1003

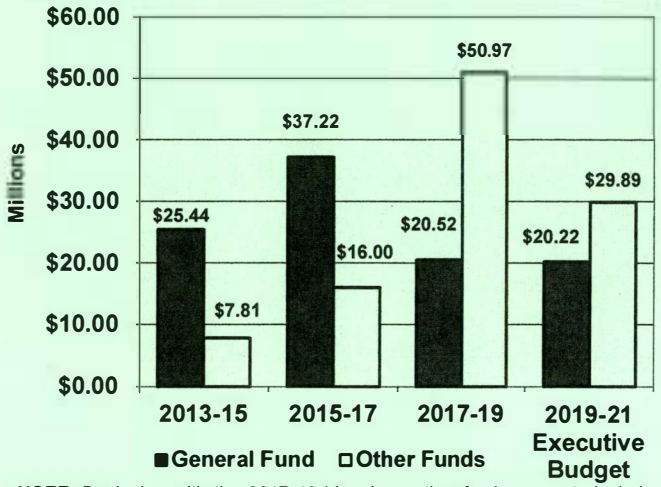
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	180.68	$20,223,150	$29,892,086	$50,115,236
2017-19 Legislative Appropriations	202.75	20,516,098	50,970,657	71,486,755
Increase (Decrease)	(22.07)	($292,948)	($21,078,571)	($21,371,519)

Ongoing and One-Time General Fund Appropriations

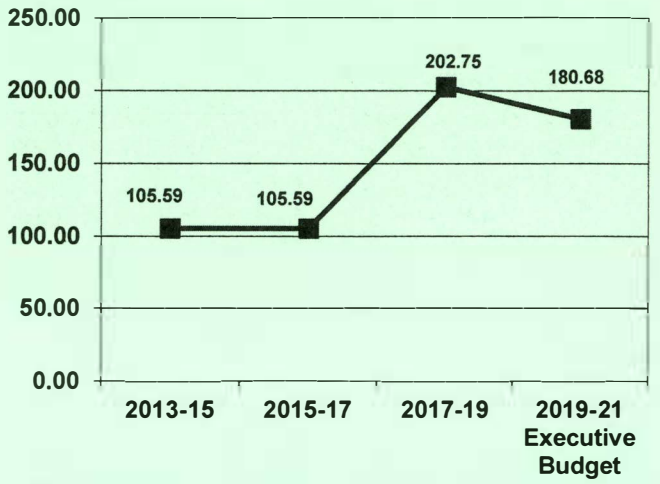
	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	$20,223,150	$0	$20,223,150
2017-19 Legislative Appropriations	20,429,502	86,596	20,516,098
Increase (Decrease)	($206,352)	($86,596)	($292,948)

Agency Funding



NOTE: Beginning with the 2017-19 biennium, other funds amounts include the appropriation of certain special funds. See the **Special Funds Appropriations** section below for additional information.

FTE Positions



NOTE: Beginning with the 2017-19 biennium, there was a change in reporting methods for University System FTE positions. See the **FTE Positions** section below for additional information.

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	$20,223,150	$29,892,086	$50,115,236
2019-21 Base Level	20,429,502	28,470,657	48,900,159
Increase (Decrease)	($206,352)	$1,421,429	$1,215,077

First House Action

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

Executive Budget Highlights
(With First House Changes in Bold)

	General Fund	Other Funds	Total
1. Provides funding adjustments through the higher education funding formula as follows:			
• Reduces funding for institution operations. **The House did not reduce funding for operations.**	($1,010,577)	$0	($1,010,577)
• Adjusts funding to reflect changes in completed student credit-hours	(217,974)	0	(217,974)
• Adds funding for inflationary increases, including employee compensation and benefit adjustments. **The House added funding for salary adjustments of 2 percent per year and increases in health insurance premiums from $1,241 to**	1,022,199	0	1,022,199

$1,427 per month. The House did not add funding for retirement contribution increases.			
Total	($206,352)	$0	($206,352)
2. Adds **one-time funding** from other funds, including $2.9 million from the strategic investment and improvements fund, to remodel McCarthy Hall and demolish Foss Hall. **The House did not provide funding to remodel McCarthy Hall and demolish Foss Hall.**	$0	$3,900,000	$3,900,000

FTE Positions

The 2019-21 biennium executive budget recommendation includes authorization of all FTE positions for institutions and entities under the control of the State Board of Higher Education, including positions supported by special funds. Prior to the 2017-19 biennium, only FTE positions supported by the general fund were authorized.

Special Funds Appropriations

The 2019-21 biennium executive budget recommendation includes appropriation authority of all special funds received by the North Dakota University System office and institutions. Prior to the 2017-19 biennium, special funds appropriations for the University System office and institutions were provided only for certain items, such as capital projects.

Other Sections in House Bill No. 1003

Carryover authority - Section 11 continues the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.

Additional funds appropriation authority - Section 13 appropriates any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 14 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

Transfer authority - Section 16 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets and capital building fund line items if the board determines that additional funds are needed for capital projects or extraordinary repairs.

FTE positions - Section 17 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Extraordinary repairs matching funds - Section 18 requires institutions to match state extraordinary repairs funding on a $2 to $1 basis using operations or other funding.

Capital building funds - Sections 20, 21, and 22 provide for the establishment of capital building funds at each institution, establish matching fund requirements, and authorize the use of capital building fund money for certain capital projects. Section 24 provides these sections are an emergency measure.

Tuition rate increase limitation - Section 23 limits tuition rate increases to 3 percent per year. An institution may increase tuition by an additional 1 percent if it has secured matching funds to place the revenue from the additional 1 percent tuition increase in its capital building fund.

Additional Funds Appropriation Authority

Additional special funds received - Section 13 of House Bill No. 1003 appropriates any additional federal, private, and other local funds received by entities under the control of the State Board of Higher Education, including tuition revenue, to the respective entities during the 2019-21 biennium.

Significant Audit Findings

The State Auditor's office reported Valley City State University:

- Did not comply with North Dakota Century Code by properly procuring commodities and services and adequately documenting sole source purchases;
- Did not comply with Century Code for the construction management at-risk selection process for the heat plant replacement project; and
- Did not properly enter into all required agreements with Valley City Parks and Recreation relating to the Gaukler Family Wellness Center.

Major Related Legislation

House Bill No. 1013 - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions. The following is a comparison of distributions from permanent funds during the 2017-19 biennium and the 2019-21 executive budget recommendation:

Institution	2017-19 Distribution	2019-21 Distribution	Increase (Decrease)
North Dakota State University	$4,738,000	$5,916,000	$1,178,000
University of North Dakota	3,662,000	4,504,000	842,000
North Dakota State College of Science	1,446,286	1,736,000	289,714
Valley City State University	808,000	1,034,000	226,000
Mayville State University	542,000	668,000	126,000
Dakota College at Bottineau	186,286	242,000	55,714
Dickinson State University	186,286	242,000	55,714
Minot State University	186,286	242,000	55,714
Total	$11,755,144	$14,584,000	$2,828,856

Senate Bill No. 2016 - Increases the National Guard tuition waiver from 25 percent to 35 percent.

Senate Bill No. 2275 - Expands eligibility relating to the infrastructure revolving loan fund to include University System institutions.

Senate Bill No. 2297 - Provides $165,975,000 of bonding authority for capital projects at North Dakota State University, Dickinson State University, and Valley City State University.

House Concurrent Resolution No. 3016 - Provides for the removal of the University System institutions from the constitution.

Department 243 - Dakota College at Bottineau
House Bill No. 1003

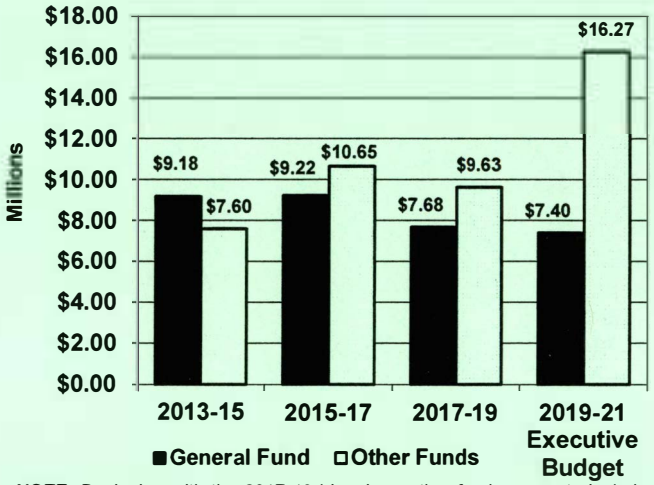
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	82.29	$7,397,888	$16,270,121	$23,668,009
2017-19 Legislative Appropriations	84.30	7,682,539	9,629,173	17,311,712
Increase (Decrease)	(2.01)	($284,651)	$6,640,948	$6,356,297

Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	$7,397,888	$0	$7,397,888
2017-19 Legislative Appropriations	7,652,945	29,594	7,682,539
Increase (Decrease)	($255,057)	($29,594)	($284,651)

Agency Funding



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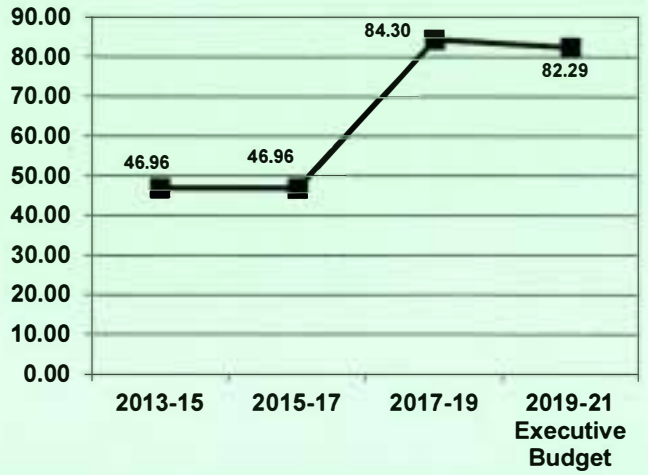
FTE Positions



NOTE: Beginning with the 2017-19 biennium, there was a change in reporting methods for University System FTE positions. See the **FTE Positions** section below for additional information.

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	$7,397,888	$16,270,121	$23,668,009
2019-21 Base Level	7,652,945	9,629,173	17,282,118
Increase (Decrease)	($255,057)	$6,640,948	$6,385,891

First House Action

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

Executive Budget Highlights (With First House Changes in Bold)

	General Fund	Other Funds	Total
1. Provides funding adjustments through the higher education funding formula as follows:			
• Reduces funding for institution operations. **The House did not reduce funding for operations.**	($370,971)	$0	($370,971)
• Adjusts funding to reflect changes in completed student credit-hours	(233,523)	0	(233,523)
• Adds funding for inflationary increases, including employee compensation and benefit adjustments. **The House added funding for salary adjustments of 2 percent per year and increases in health insurance premiums from $1,241 to**	349,437	0	349,437

$1,427 per month. The House did not add funding for retirement contribution increases.			
Total	($255,057)	$0	($255,057)
2. Adds **one-time funding** from special funds derived from revenue bond proceeds for a new dining facility. **The House did not add funding for a new dining facility.**	$0	$2,500,000	$2,500,000

FTE Positions

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Additional Funds Appropriation Authority

Additional special funds received - Section 13 of House Bill No. 1003 appropriates any additional federal, private, and other local funds received by entities under the control of the State Board of Higher Education, including tuition revenue, to the respective entities during the 2019-21 biennium.

Significant Audit Findings

The State Auditor's office reported Dakota College at Bottineau:

- Did not have adequate documentation to support the awarding of the $902,664 guaranteed maximum price for the construction management at-risk contract relating to the Nelson Science Center renovation; and
- Was not in compliance with North Dakota Century Code and University System procedures regarding procurement.

Major Related Legislation

House Bill No. 1013 - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions. The following is a comparison of distributions from permanent funds during the 2017-19 biennium and the 2019-21 executive budget recommendation:

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Total	$11,755,144	$14,584,000	$2,828,856

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North Dakota University System Institutuions
House Bill No. 1003
Base Level Funding Changes

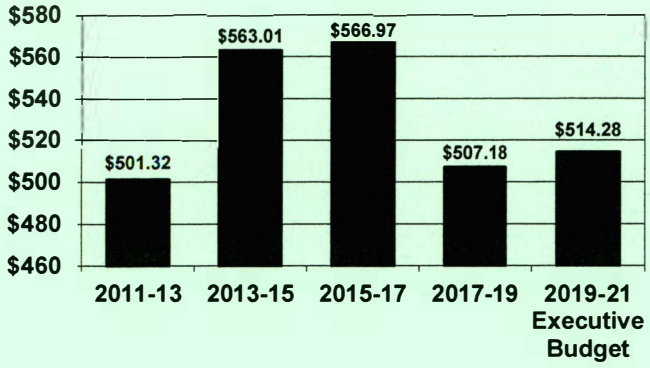
	Executive Budget Recommendation				House Version			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total
2019-21 Biennium Base Level	6,591.36	$507,176,197	$1,829,598,421	$2,336,774,618	6,591.36	$507,176,197	$1,829,598,421	$2,336,774,618
2019-21 Ongoing Funding Changes								
Base payroll changes	(157.39)		($13,811,230)	($13,811,230)	(157.39)		($13,811,230)	($13,811,230)
Salary increase		$15,196,654	30,018,344	45,214,998		$9,108,175	17,890,120	26,998,295
Health insurance increase		7,812,061	15,757,812	23,569,873		9,313,597	18,608,530	27,922,127
Retirement contribution increase		458,405	905,498	1,363,903				0
Student credit-hour completion adjustment		4,439,819		4,439,819		4,439,819		4,439,819
Hold-harmless provision		710,879		710,879		710,879		710,879
Funding model reduction		(25,307,427)		(25,307,427)				0
UND SMHS residency program		4,507,252		4,507,252		4,507,252		4,507,252
Adjust special funds authority			8,700,514	8,700,514				0
Total ongoing funding changes	(157.39)	$7,817,643	$41,570,938	$49,388,581	(157.39)	$28,079,722	$22,687,420	$50,767,142
One-time funding items								
UND Athletics High Performance Center Phase II			$35,000,000	$35,000,000			$35,000,000	$35,000,000
UND Memorial Union			80,000,000	80,000,000			80,000,000	80,000,000
NDSU Barry Hall			3,000,000	3,000,000			3,000,000	3,000,000
NDSU indoor practice facility			37,200,000	37,200,000			37,200,000	37,200,000
NDSU softball indoor facility			2,000,000	2,000,000			2,000,000	2,000,000
NDSU University Village Phase II			37,600,000	37,600,000			37,600,000	37,600,000
NDSU Dunbar Hall			51,350,000	51,350,000				0
NDSCS Workforce Career Academy			30,000,000	30,000,000				0
VCSU Communication and Fine Arts Building			3,900,000	3,900,000				0
DCB Dining Facility			2,500,000	2,500,000				0
LRSC Precision Agriculture Center				0			3,000,000	3,000,000
DSU Theodore Roosevelt digitization		$750,000		750,000		$250,000		250,000
Tier II Capital building fund				0			37,297,110	37,297,110
Total one-time funding changes	0.00	$750,000	$282,550,000	$283,300,000	0.00	$250,000	$235,097,110	$235,347,110
Total Changes to Base Level Funding	(157.39)	$8,567,643	$324,120,938	$332,688,581	(157.39)	$28,329,722	$257,784,530	$286,114,252
2019-21 Total Funding	6,433.97	$515,743,840	$2,153,719,359	$2,669,463,199	6,433.97	$535,505,919	$2,087,382,951	$2,622,888,870

North Dakota University System Institutions

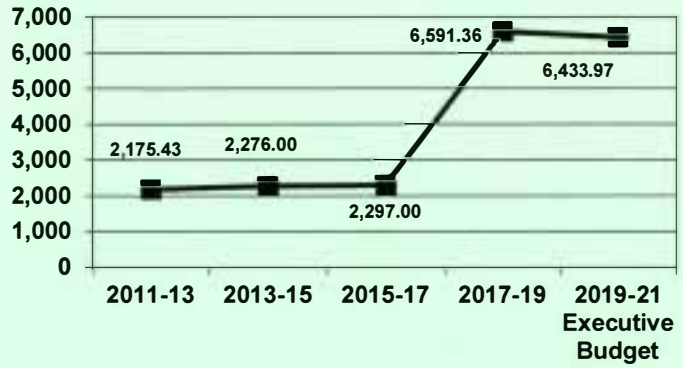
Historical Appropriations Information

Ongoing General Fund Appropriations Since 2011-13

Ongoing General Fund Appropriations (in Millions)



FTE Positions



Ongoing General Fund Appropriations					
	2011-13	2013-15	2015-17	2017-19	2019-21 Executive Budget
Ongoing general fund appropriations	$501,323,720	$563,008,934	$566,966,411	$507,176,197	$514,282,961
Increase (decrease) from previous biennium	N/A	$61,685,214	$3,957,477	($59,790,214)	$7,106,764
Percentage increase (decrease) from previous biennium	N/A	12.3%	0.7%	(10.5%)	1.4%
Cumulative percentage increase (decrease) from 2011-13 biennium	N/A	12.3%	13.1%	1.2%	2.6%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2013-15 Biennium

1. Provided funding for campus equalization payments	$16,526,024
2. Provided funding for salary increases, health insurance increases, retirement contribution increases, and utility cost increases	$39,475,866

2015-17 Biennium

1. Provided funding base credit rate adjustments for inflation (This item was affected by the August 2016 budget reductions)	$13,583,565
2. Provided funding for base funding formula adjustments including campus equalization adjustments (This item was affected by the August 2016 budget reductions)	$40,201,487

2017-19 Biennium

1. Reduced funding for institution operations	($76,770,014)
2. Adjusted funding for changes in completed student credits	$11,889,020
3. Added funding for changes in health insurance premiums	$5,297,632

2019-21 Biennium (Executive Budget Recommendation)

1. Reduces funding for institution operations. **The House did not reduce funding for operations.**	($25,307,427)
2. Adjusts funding for changes in completed student credits	$4,439,819
3. Adds funding for inflationary increases, including employee compensation and benefit adjustments. **The House added funding for salary adjustments of 2 percent per year and increases in health insurance premiums from $1,241 to $1,427 per month. The House did not add funding for retirement contribution increases.**	$23,467,120
4. Adds funding for residency positions at UND School of Medicine and Health Sciences	$4,507,252

GOVERNOR'S RECOMMENDATION FOR THE NORTH DAKOTA UNIVERSITY SYSTEM AS SUBMITTED BY THE OFFICE OF MANAGEMENT AND BUDGET

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income to the North Dakota university system office and to the various entities and institutions under the supervision of the state board of higher education for the purpose of defraying the expenses of the North Dakota university system office and to the various entities for the biennium beginning July 1, 2019, and ending June 30, 2021, as follows:

Subdivision 1.

NORTH DAKOTA UNIVERSITY SYSTEM OFFICE

	Base Level	Adjustments or Enhancements	Appropriation
Capital Assets	$6,605,326	($1,645,878)	$4,959,448
Student Financial Assistance Grants	21,917,306	0	21,917,306
Veterans assistance grants	277,875	0	277,875
ND Scholars Program	1,807,115	0	1,807,115
Title II Grants	1,006,472	(1,006,472)	0
Native American scholarships	555,323	0	555,323
Core Technology Services	61,527,347	(301,330)	61,226,017
Education Challenge Fund	0	40,000,000	40,000,000
Education incentive programs	2,863,393	(2,103,393)	760,000
Tribally-controlled community college grants	600,000	400,000	1,000,000
Academic and Tech Ed Scholarship	12,016,749	2,939,803	14,956,552
Student Exchange Program	3,699,342	0	3,699,342
Student mental health	284,400	(14,220)	270,180
Competitive Research Program	6,027,750	0	6,027,750
Dual Credit Pilot Program	200,000	(200,000)	0
System Governance	8,163,238	(201,194)	7,962,044
Two-Year Campus Study	0	0	0
Shared Campus Services	500,000	(25,000)	475,000

Online Curriculum Development Grant	0	5,000,000	5,000,000
Total all funds	$128,051,636	$42,842,316	$170,893,952
Less estimated income	26,412,106	2,712,233	29,124,339
Total general fund	$101,639,530	$40,130,083	$141,769,613
Full-time equivalent positions	149.40	(0.50)	148.90

Subdivision 2

BISMARCK STATE COLLEGE

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$101,670,034	($4,176,861)	$97,493,173
Capital assets	1,922,561	(10,348)	1,912,213
Total all funds	$103,592,595	($4,187,209)	$99,405,386
Less estimated income	72,991,998	(3,278,439)	69,713,559
Total general fund	$30,600,597	($908,770)	$29,691,827
Full-time equivalent positions	358.35	(34.42)	323.93

Subdivision 3

LAKE REGION STATE COLLEGE

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$36,449,048	$581,500	$37,030,548
Capital assets	362,667	0	362,667
Total all funds	$36,811,715	$581,500	$37,393,215
Less estimated income	24,111,092	910,351	25,021,443
Total general fund	$12,700,623	($328,851)	$12,371,772
Full-time equivalent positions	129.61	(11.51)	118.10

Subdivision 4

WILLISTON STATE COLLEGE

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$26,954,133	$5,052,426	$32,006,559

Capital assets	1,261,968	0	1,261,968
Total all funds	$28,216,101	$5,052,426	$33,268,527
Less estimated income	19,855,598	3,791,213	23,646,811
Total general fund	$8,360,503	$1,261,213	$9,621,716
Full-time equivalent positions	100.75	(0.27)	100.48

Subdivision 5

UNIVERSITY OF NORTH DAKOTA

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$864,554,973	$16,881,361	$881,436,334
Capital assets	95,411,566	119,411,566	119,411,566
Total all funds	$959,966,539	$40,881,361	$1,000,847,900
Less estimated income	819,870,450	41,626,913	861,497,363
Total general fund	$140,096,089	($745,552)	$139,350,537
Full-time equivalent positions	2,218.07	(85.90)	2,132.17

Subdivision 6

NORTH DAKOTA STATE UNIVERSITY

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$732,673,267	$7,320,793	$739,994,060
Capital assets	85,304,104	(26,155,000)	59,149,104
Capital projects - Non-State	0	79,800,000	79,800,000
Total all funds	$817,977,371	$60,965,793	$878,943,164
Less estimated income	689,386,329	62,314,410	751,700,739
Total general fund	$128,591,042	($1,348,617)	$127,242,425
Full-time equivalent positions	1,895.66	(25.50)	1,870.16

Subdivision 7

NORTH DAKOTA STATE COLLEGE OF SCIENCE

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$91,682,610	$2,503,528	$94,186,138
Capital assets	1,012,379	0	1,012,379
Capital projects - Non-State	0	30,000,000	30,000,000
Total all funds	$92,694,989	$32,503,528	$125,198,517
Less estimated income	57,605,613	32,669,784	90,275,397
Total general fund	$35,089,376	($166,256)	$34,923,120
Full-time equivalent positions	345.04	(34.31)	310.73

Subdivision 8

DICKINSON STATE UNIVERSITY

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$47,135,592	$685,259	$47,820,851
Capital assets	409,078	0	409,078
Digitization Project	0	750,000	750,000
Total all funds	$47,544,670	$1,435,259	$48,979,929
Less estimated income	29,737,827	903,660	30,641,487
Total general fund	$17,806,843	$531,599	$18,338,442
Full-time equivalent positions	168.90	44.36	213.26

Subdivision 9

MAYVILLE STATE UNIVERSITY

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$44,197,761	$2,724,941	$46,922,702
Capital assets	358,992	67,648	426,640
Total all funds	$44,556,753	$2,792,589	$47,349,342
Less estimated income	30,307,148	1,339,912	31,647,060
Total general fund	$14,249,605	$1,452,677	$15,702,282
Full-time equivalent positions	210.53	(1.26)	209.27

Subdivision 10

MINOT STATE UNIVERSITY

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$100,710,275	$297	$100,710,572
Capital assets	1,099,620	0	1,099,620
Total all funds	$101,809,895	$297	$101,810,192
Less estimated income	62,058,916	1,604,344	63,663,260
Total general fund	$39,750,979	($1,604,047)	$38,146,932
Full-time equivalent positions	441.65	(34.07)	407.58

Subdivision 11

VALLEY CITY STATE UNIVERSITY

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$48,444,336	($2,742,443)	$45,701,893
Capital assets	455,823	3,957,520	4,413,343
Total all funds	$48,900,159	$1,215,077	$50,115,236
Less estimated income	28,470,657	1,421,429	29,892,086
Total general fund	$20,429,502	($206,352)	$20,223,150
Full-time equivalent positions	202.75	(22.07)	180.68

Subdivision 12

DAKOTA COLLEGE AT BOTTINEAU

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$17,168,111	$3,422,579	$20,590,690
Capital assets	114,007	2,963,312	3,077,319
Total all funds	$17,282,118	$6,385,891	$23,668,009
Less estimated income	9,629,173	6,640,948	16,270,121
Total general fund	$7,652,945	($255,057)	$7,397,888

Full-time equivalent positions	84.30	(2.01)	82.29

Subdivision 13

UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$205,926,713	$5,880,919	$211,807,632
Healthcare Workforce Initiative	0	10,676,150	10,676,150
Total all funds	$205,926,713	$16,557,069	$222,483,782
Less estimated income	154,078,620	5,671,413	159,750,033
Total general fund	$51,848,093	$10,885,656	$62,733,749
Full-time equivalent positions	435.75	49.57	485.32

Subdivision 14

NORTH DAKOTA FOREST SERVICE

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$14,958,447	$60,874	$15,019,321
Capital assets	118,728	0	118,728
Total all funds	$15,077,175	$60,874	$15,138,049
Less estimated income	10,650,748	14,652	10,665,400
Total general fund	$4,426,427	$46,222	$4,472,649
Full-time equivalent positions	27.00	0	27.00

Subdivision 15

BILL TOTAL

	Base Level	Adjustments or Enhancements	Appropriation
Grand total general fund			

	$613,242,154	$48,743,948	$661,986,102
Grand total special funds	2,035,166,275	158,342,823	2,193,509,098
Grand total all funds	$2,648,408,429	$207,086,771	$2,855,495,200

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-SEVENTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-fifth legislative assembly for the 2017-19 biennium and the 2019-21 one-time funding items included in the appropriation in section 1 of this Act:

One-Time Funding Description	2017-19	2019-21
Capital projects – other funds	$168,505,000	$282,550,000
Midwestern Higher Education Compact Dues	230,000	0
Two Year Campus Study	40,000	0
One-time Campus Operations	2,000,000	0
Dickinson State University – Campus operations and debt	8,284,626	0
Online Curriculum Development Grant	0	5,000,000
Dickinson State University – Digitization Project	0	750,000
Education challenge grants	2,000,000	40,000,000
Total all funds	$203,367,962	$328,300,000
Total other funds	49,348,194	287,550,000
Total general fund	$154,019,768	$40,750,000

The 2019-21 one-time funding amounts are not a part of the entity's base budget for the 2021-23 biennium. The North Dakota university system shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 3. SPECIAL FUNDS TRANSFER – STRATEGIC INVESTMENT AND IMPROVEMENTS FUND. The less estimated income line item in section 1 of this Act includes the sum of $5,000,000, from the strategic investment and improvements fund for competitive grants for the institutions for online curriculum development. The less estimated income line in section 1 of this Act also includes the sum of $2,900,000, from

the strategic investment and improvements fund for the renovation of McCarthy Hall and demolition of Foss Hall at Valley City State University. The less estimated income line in section 1 of this Act also includes the sum of $25,675,000, from the strategic investment and improvements fund for Dunbar Hall at North Dakota State University. The funding for Dunbar Hall requires a minimum of $13,000,000 in matching funds before it shall be transferred and notwithstanding Section 54-44.1-11 of the North Dakota Century Code any unexpended appropriation available for Dunbar under this section must be returned to the strategic investment and improvement fund on June 30, 2021. All of these amounts may be transferred at the direction of the state board of higher education and all are one-time items for the biennium beginning July 1, 2019 and ending June 30, 2021.

SECTION 4. AMENDMENT. Section 15-10-48 of the North Dakota Century Code is amended and reenacted as follows:

15-10-48. Advancement of academics - Matching grants - University of North Dakota and North Dakota state university.

1. a. Subject to legislative appropriations, each biennium during the period beginning July first of each odd-numbered year and ending December thirty-first of each even-numbered year, the state board of higher education shall award one dollar in matching grants for every two dollars raised by the institutional foundations of the university of North Dakota and North Dakota state university for projects dedicated exclusively to the advancement of academics.

b. To be eligible for a matching grant, an institution must demonstrate that:

(1) Its foundation has raised at least fifty thousand dollars in cash or monetary pledges for a qualifying project; and

(2) The project has been approved by the grant review committee established in section 15-10-51.

c. The board may award ~~up to two hundred thousand dollars in~~ matching grants to each institution based on total completed credit-hours, as determined under section 15-18.2-01, and as set forth in this section. The matching grant award dollar amounts are:

(1) $1,250,000 for institutions with less than 100,000 completed credit hours;

(2) $3,000,000 for institutions with 100,000 to 599,999 completed credit hours; and

(3) $11,750,000 for institutions with more than 599,999 completed credit hours.

d. Projects at the university of North Dakota school of medicine and health sciences are not eligible to receive a grant under this section.

2. a. If any available dollars have not been awarded by the board before January first of each odd-numbered year, in accordance with subsection 1, either the university of North Dakota or North Dakota state university may apply for an additional matching grant.

b. An application submitted under this subsection must meet the same criteria as an original application.

c. The board shall consider each application submitted under this subsection in chronological order.

d. If the remaining dollars are insufficient to provide a matching grant in the amount of one dollar for every two dollars raised by the institutional foundation, the board shall award a lesser amount.

3. The state board of higher education shall retain up to one-quarter of one percent of any grant awarded under this section to assist with administrative expenses incurred in the grant review process.

SECTION 5. AMENDMENT. Section 15-10-49 of the North Dakota Century Code is amended and reenacted as follows:

15-10-49. Advancement of academics - Matching grants - Two-year and four-year institutions of higher education.

1. a. Subject to legislative appropriations, each biennium during the period beginning July first of each odd-numbered year and ending December thirty-first of each even-numbered year, the state board of higher education shall award one dollar in matching grants for every two dollars raised by the institutional foundations of Bismarck state college, Dakota college at Bottineau, Dickinson state university, Lake Region state college, Mayville state university, Minot state university, North Dakota state college of science, Valley City state university, and Williston state college for projects dedicated exclusively to the advancement of academics.

b. To be eligible for a matching grant, an institution must demonstrate that:

(1) Its foundation has raised at least twenty-five thousand dollars in cash or monetary pledges for a qualifying project; and

(2) The project has been approved by the grant review committee established in section 15-10-51.

c. The board may award ~~up to two hundred thousand dollars in~~ matching grants to each institution based on total completed credit-hours, as determined under section 15-18.2-01, and as set forth in this section. The matching grant award dollar amounts are:

(1) $1,250,000 for institutions with less than 100,000 completed credit hours;

(2) $3,000,000 for institutions with 100,000 to 599,999 completed credit hours; and

(3) $11,750,000 for institutions with more than 599,999 completed credit hours.

2. a. If any available dollars have not been awarded by the board before January first of each odd-numbered year, in accordance with subsection 1, any institution listed in subsection 1 may apply for an additional matching grant.

b. An application submitted under this subsection must meet the same criteria as an original application.

c. The board shall consider each application submitted under this subsection in chronological order.

d. If the remaining dollars are insufficient to provide a matching grant in the amount of one dollar for every two dollars raised by the institutional foundation, the board shall award a lesser amount.

3. The state board of higher education shall retain up to one-quarter of one percent of any grant awarded under this section to assist with administrative expenses incurred in the grant review process.

SECTION 6. AMENDMENT. Section 15-18.2-02 of the North Dakota Century Code is amended and reenacted as follows:

15-18.2-02. Weighted credit-hours - Determination - Instructional program classification factors - Submission to legislative management.

1. In order to determine the weighted credit-hours for each institution under its control, the state board of higher education shall multiply each of an institution's completed credit-hours, as determined under section 15-18.2-01, by an instructional program classification factor, as set forth in this section.

a. The factors for credits completed in agriculture are:

(1) 1.9 for lower division credits;

(2) 3.8 for upper division credits;

(3) 5.7 for professional level credits; and

(4) 7.6 for graduate level credits.

b. The factors for credits completed in architecture are:

(1) 1.8 for lower division credits;

(2) 3.6 for upper division credits;

(3) 5.4 for professional level credits; and

(4) 7.2 for graduate level credits.

c. The factors for credits completed in transportation are:

(1) 1.9 for lower division credits;

(2) 3.8 for upper division credits;

(3) 5.7 for professional level credits; and

(4) 7.6 for graduate level credits.

d. The factors for credits completed in the biological and physical sciences are:

(1) 1.9 for lower division credits;

(2) 3.8 for upper division credits;

(3) 5.7 for professional level credits; and

(4) 7.6 for graduate level credits.

e. The factors for credits completed in business are:

(1) 1.9 for lower division credits;

(2) 3.8 for upper division credits;

(3) 5.7 for professional level credits; and

(4) 7.6 for graduate level credits.

f. The factors for credits completed in education are:

(1) 1.9 for lower division credits;

(2) 3.8 for upper division credits;

(3) 5.7 for professional level credits; and

(4) 7.6 for graduate level credits.

g. The factors for credits completed in engineering are:

(1) 2.5 for lower division credits;

(2) 5.0 for upper division credits;

(3) 7.5 for professional level credits; and

(4) 10.0 for graduate level credits.

h. The factors for credits completed in the health sciences are:

(1) 3.0 for lower division credits;

(2) 6.0 for upper division credits;

(3) 9.0 for professional level credits;

(4) 12.0 for graduate level credits;

(5) ~~38.0~~34.5 for medical school credits.

i. The factors for credits completed in legal studies are:

(1) 3.5 for lower division credits;

(2) 7.0 for upper division credits;

(3) 10.5 for professional level credits; and

(4) 14.0 for graduate level credits.

j. The factors for credits completed in the core disciplines are:

(1) 1.0 for lower division credits;

(2) 2.0 for upper division credits;

(3) 3.0 for professional level credits; and

(4) 4.0 for graduate level credits.

k. The factor for credits completed in career and technical education is 2.0.

l. The factor for completed basic skills credits is 2.3.

2. a. The state board of higher education shall ensure that all delineations in this section reflect the requirements of a nationally recognized and standardized instructional program classification system.

b. Before adopting any changes to the delineations implemented in accordance with this section, the state board of higher education shall present the proposed changes to and receive the approval of the legislative management.

SECTION 7. AMENDMENT. Section 15-18.2-05 of the North Dakota Century Code is amended and reenacted as follows:

15-18.2-05. Base funding - Determination of state aid.

In order to determine the state aid payment to which each institution under its control is entitled, the state board of higher education shall multiply the product determined under section 15-18.1-04 by a base amount of:

1. ~~$58.65~~$58.36 in the case of North Dakota state university and the university of North Dakota;
2. ~~$86.95~~$87.00 in the case of Dickinson state university~~,~~ Mayville state university, Minot state university, and Valley City state university;
3. ~~$93.03~~$92.76 in the case of Bismarck state college, Dakota college at Bottineau, Lake Region state college, and North Dakota state college of science; and Williston state college.

SECTION 8. AMENDMENT. Section 15-18.2-06 of the North Dakota Century Code is amended and reenacted as follows:

15-18.2-06. (Effective through ~~June 30, 2019~~ June 30, 2021) Base funding - Minimum amount payable.

Notwithstanding any calculations required by this chapter, during each biennium, an institution may not receive less than ninety-six percent of the state aid to which the institution was entitled under this chapter during the previous biennium.

SECTION 9. AMENDMENT. Section 54-44.1-11 of the North Dakota Century Code is amended and reenacted as follows:

54-44.1-11. Office of management and budget to cancel unexpended appropriations - When they may continue. (Effective through July 31, ~~2019~~2021)

Except as otherwise provided by law, the office of management and budget, thirty days after the close of each biennial period, shall cancel all unexpended appropriations or balances of appropriations after the expiration of the biennial period during which they became available under the law. Unexpended appropriations for the state historical society are not subject to this section and the state historical society shall report on the amounts and uses of funds carried over from one biennium to the appropriations committees of the next subsequent legislative assembly. Unexpended appropriations for the North Dakota university system are not subject to this section and the North Dakota university system shall report on the amounts and uses of funds carried over from one biennium to the next to subsequent appropriations committees of the legislative assembly. The chairmen of the appropriations committees of the senate and house of representatives of the legislative assembly with the office of the budget may continue appropriations or balances in force for not more than two years after the expiration of the biennial period during which they became available upon recommendation of the director of the budget for:

1. New construction projects.
2. Major repair or improvement projects.
3. Purchases of new equipment costing more than ten thousand dollars per unit if it was ordered during the first twelve months of the biennium in which the funds were appropriated.
4. The purchase of land by the state on a "contract for deed" purchase if the total purchase price is within the authorized appropriation.
5. Purchases by the department of transportation of roadway maintenance equipment costing more than ten thousand dollars per unit if the equipment was ordered during the first twenty-one months of the biennium in which the funds were appropriated.
6. Authorized ongoing information technology projects.

Office of management and budget to cancel unexpended appropriations - When they may continue. (Effective after July 31, ~~2019~~ 2021) The office of management and budget, thirty days after the

close of each biennial period, shall cancel all unexpended appropriations or balances of appropriations after the expiration of the biennial period during which they became available under the law. Unexpended appropriations for the state historical society are not subject to this section and the state historical society shall report on the amounts and uses of funds carried over from one biennium to the appropriations committees of the next subsequent legislative assembly. The chairmen of the appropriations committees of the senate and house of representatives of the legislative assembly with the office of the budget may continue appropriations or balances in force for not more than two years after the expiration of the biennial period during which they became available upon recommendation of the director of the budget for:

1. New construction projects.
2. Major repair or improvement projects.
3. Purchases of new equipment costing more than ten thousand dollars per unit if it was ordered during the first twelve months of the biennium in which the funds were appropriated.
4. The purchase of land by the state on a "contract for deed" purchase if the total purchase price is within the authorized appropriation.
5. Purchases by the department of transportation of roadway maintenance equipment costing more than ten thousand dollars per unit if the equipment was ordered during the first twenty-one months of the biennium in which the funds were appropriated.
6. Authorized ongoing information technology projects.

SECTION 10. ADDITIONAL FEDERAL, PRIVATE, AND OTHER FUNDS - APPROPRIATION. All funds, in addition to those appropriated in section 1 of this Act, from federal, private, and other sources for competitive grants or other funds that the legislative assembly has not indicated the intent to reject, including tuition revenue, received by the state board of higher education and the institutions and entities under the control of the state board of higher education, are appropriated to the board and those institutions and entities, for the biennium beginning July 1, 2019, and ending June 30, 2021. All additional funds received under the North Dakota-Minnesota reciprocity agreement during the biennium beginning July 1, 2019, and ending June 30, 2021, are appropriated to the state board of higher education for reimbursement to institutions under the control of the board.

SECTION 11. CAMPUS CAPITAL PROJECTS - PROJECT MANAGEMENT. During the biennium beginning July 1, 2019, and ending June 30, 2021, each capital project authorized by the state board of higher education must have adequate project management oversight by either an institution official or a representative of an external entity. An institution may seek assistance from the university system office for project management oversight of a capital project.

SECTION 12. STATEWIDE MEMBERSHIP DUES. Subdivision 1 of section 1 of this Act includes the sum of $294,000 for membership dues for the western interstate commission for higher education.

SECTION 13. UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES OPERATIONS. The operations line item in subdivision 5 of section 1 of this Act includes a funding allocation from the higher education per student credit-hour funding formula attributable to inflation during the biennium beginning July 1, 2019, and ending June 30, 2021. Based on the recommendation of the commissioner of higher education a portion of the allocation may be transferred by the state board of higher education between the university of North Dakota school of medicine and health sciences and the university of North Dakota.

SECTION 14. TRANSFER AUTHORITY. If, during the biennium beginning July 1, 2019, and ending June 30, 2021, the state board of higher education determines that funds allocated to operations in section 1 of this Act are needed for capital assets, the board may transfer funds from operations to capital assets. The board shall report any transfer of funds under this section to the office of management and budget.

SECTION 15. FULL-TIME EQUIVALENT POSITION ADJUSTMENTS. Notwithstanding any other provisions of law, the state board of higher education may adjust full-time equivalent positions as needed, subject to the availability of funds, for institutions and entities under its control during the biennium beginning July 1, 2019, and ending June 30, 2021. The North Dakota university system shall report any adjustments to the office of management and budget before the submission of the 2021-23 biennium budget request.

SECTION 16. BOND ISSUANCE AUTHORIZATION - PURPOSES. The state board of higher education, in accordance with chapter 15-55, may arrange for the funding of projects authorized in this section, declared to be in the public interest, through the issuance of self-liquidating, tax-exempt evidences of indebtedness under chapter 15-55, beginning with the effective date of this Act and ending June 30, 2021. Evidences of indebtedness issued pursuant to this section are not a general obligation of the state of North Dakota. Any unexpended balance resulting from the proceeds of the evidences of indebtedness must be placed in a sinking fund to be used for the retirement of indebtedness. The evidences of indebtedness may be issued and the proceeds are appropriated in section 1 of this Act for the following capital projects:

Dakota College at Bottineau – new dining facility	$2,500,000
University of North Dakota – memorial union	80,000,000
North Dakota State University – university village phase 2	37,600,000
Total special funds	$120,100,000

SECTION 17. EXEMPTION – HIGHER EDUCATION CHALLENGE GRANT. The unexpended amount remaining for the Education Challenge Fund in section 1 of chapter 34 of the 2013 Session Laws

are not subject to section 54-44.1-11 and any unexpended funds from these lines are available during the biennium beginning July 1, 2019 and ending June 30, 2021.

SECTION 18. USE OF HIGHER EDUCATION CHALLENGE GRANT – MATCHING FUNDS. The education challenge fund line item in subdivision 1 of this Act may leverage any funds raised by the institutional foundations beginning January 1, 2019 and ending June 30, 2021 as part of the matching funds.

SECTION 19. USE OF EXTRAORDINARY REPAIRS FUNDING - MATCHING FUNDS. The capital assets line items in subdivisions 2 through 12 of section 1 of this Act include funding from the general fund for institution extraordinary repairs. An institution shall provide two dollars of matching funds from operations or other sources for each one dollar of extraordinary repairs funding used for a project.

SECTION 20. EMERGENCY. Section 16 and the capital assets items in section 1 of this Act are declared to be an emergency measure.

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NORTH DAKOTA
UNIVERSITY SYSTEM
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HB1003
Senate Appropriations
March 18, 2019
Don Morton, Chair SBHE

Chair Holmberg and Committee Members: My name is Don Morton, and I am the Chair of the State Board of Higher Education. I'm here today to speak in support of House Bill 1003. As you may recall, the Board voted unanimously last year to **support** a **needs-based budget** to fund higher education in North Dakota.

Responsive and adaptive Board:

We have been adapting and improving the course of higher education through partnerships with our campuses, industry leaders, students, and government leaders as the Board worked hard to Envision the path to 2030. We are embracing disruptive technology at several of our campuses.

- Example: NDSU, MiSU, BSC – excelling at cybersecurity
    - UND – unmanned aviation systems research

For our students – transferability is number one in the nation; as a system, we place our priority on students, and we continue to focus on their career needs and personal pathways. We want to see them through to ultimate success as good citizens.

Responding to the needs of industry with new models: The Board has approved BSC to move toward a polytechnic model to meet the changing needs of students and the workforce adaptation necessary for changing careers. DSU is now prototyping a dual mission model, so that they can provide some technical degrees that are essential in the west.

While it is true that **nationally** the numbers of prospective high school graduates are going down, North Dakota's numbers are projected to increase, according to a 2017 Western Interstate Commission for Higher Education (WICHE) study. Most western states are projected to decrease or stay the same, but ND is expected to see an increase by 24% by 2024.

Our priorities (what we are doing well):

Taking care of students: The NDUS is currently reviewing 175 military courses that could potentially be utilized in transfer to fulfill general education requirements. Normally military courses and/or training would likely have been considered elective credit or not accepted at all prior to this undertaking.

Taking care of people and staff: The Board is supporting a 4% pay raise for faculty and staff. We are in a national battle for talent. We would support a pay increase and a continuation of current health and retirement benefits to recruit and retain top quality faculty and staff.

Good stewards of resources: We are also focusing on shared services to create greater efficiencies by consolidating payroll to fewer campuses. Core Technology Service is our ultimate shared service, allowing us to take advantage of economies of scale, and consolidate our technology services and learning management system among all 11 campuses.

Future priorities and goals (areas we can improve):

Research is a major focus of the Board: Innovation is a priority.
Research Excellence and Innovation was added as a major pillar in the Board's strategy. With Legislative support, an emerging-technologies working group provided focus for state and industry efforts and investments to help North Dakota adapt to the accelerated pace of new technology developments. NDUS will encourage more campus collaborative programs and EPSCOR funding/under-graduate research with Tribal Colleges.

The Board is committed adapting at speed and scale to changing fiscal realities, student needs, and business workforce markets across our entire state.

Any organizational update must include what is going well and what is not going well.

Areas of improvement for the SBHE and NDUS

- Research and the commercialization of research.
    - Basic research and patents are important but many universities around the nation are taking the next step and working in partnership with the private sector to monetize the research to create new start-up companies.
    - We need to build the infrastructure needed at our research universities to handle the IP, patents, royalties, and engagement with the private sector.
- Develop better metrics around the evaluation of our campus presidents. Good leaders welcome the feedback and evaluation process.
- Online needs to move faster within the university system.
    - We have a few campuses that are doing well and others that are pushing back.
    - Yes, developing online curriculum and degree programs is very hard work but it is the future.

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- Life-long learning is a reality and there is a huge market of talented people in the workforce who need to upgrade their skills. However, a full-time job keeps them place bound.
- A great example of the need for online in our state is the development of an online Agriculture curriculum and degree programs for the rural parts of the state especially in the west.
- Like all technology online instruction will keep innovating at an accelerated pace.

Discussions we should be having.

- Succession Planning
  - Every leader in every organization in private sector or public has a responsibility to identify and nurture future leaders within and outside their organization.
  - There is legitimate resistance from our campus leaders in formalizing in writing their succession plans because of our open meeting laws. Excellent succession planning can be a competitive advantage as we compete for talent. Just like in football you don't let your opponent know your strategy. Succession planning can be a critical strategy that is not shared publicly.
- 3-year degree.
  - Purdue University: College of Liberal Arts has implemented a 3-year degree path with year around instruction. Enrollment has increased significantly.

Thank you.

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HB1003
Senate Appropriations
March 18, 2019
Mark Hagerott, Chancellor, NDUS
701.328.2963 | mark.hagerott@ndus.edu

Chair Holmberg and Committee Members: My name is Mark Hagerott, and I am the Chancellor of the North Dakota University System. I'm here to provide testimony on House Bill 1003. As noted earlier in the session, the State Board of Higher Education has expressed significant support for a needs-based budget to fund higher education in North Dakota.

In the past two years the university system has seen significant gains in several areas, many of which wouldn't have been possible without legislative support. I want to thank the legislature for its work with higher education, and highlight some of higher education's key accomplishments.

The past two years has seen our Board take on increased measures of adaptability in responding to external needs as well as adjusting its own governance model. We've also seen major accomplishments throughout the system, such as two of our five community colleges being ranked in the top 25 in the nation for graduation rates, and one of our research universities earning a spot among the top nationally for its online program innovations.

All our campuses are consistently adapting – adaptations which not only give students the opportunity to find more success, but that created an economic impact that totaled $5.2 billion during the 2017 fiscal year. Two of our campuses are innovating further. BSC and DSU are taking action toward the expanded models of becoming a Polytechnic and Dual Mission, respectively. Other high points related to Academic and Student Affairs include:

- Telemedicine;
- NDUS Transcript Exchange;
- Support for open educational resources;
- Revised program approval process; more final authorization culminating at a lower level;
- Access to an NDUS common application for admission via the K-12 education portal.

In terms of cost savings, our system has put in place additional measures to encourage more efficiencies from the system office through the campus level of operations. The budget reductions in '17-19 resulted in a reduction of staff and faculty positions by approximately 700. The needs-based budget we are advocating for would provide more stability to our campuses, to our workforce and to the most important resource of all – our students. Other, more technology-focused shared services include widespread standardization across Campus Solutions, Finance and HR, consolidated payroll processing, our Learning Management System – Blackboard, our collaboration suite – Microsoft Office 365, and most critical to student privacy – our Security

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Ecosystem. Our work continues to leverage predictive analytics to improve student outcomes, by using the ND State Longitudinal Data System (NDSLDS) in the future. We continue to support student success through the use of intervention solutions (Starfish) that help campus based student support personnel and faculty to work effectively with students.

Our Envision 2030 effort, which has gathered feedback and built consensus meeting-by-meeting, has brought forward several recommendations. They include:

- A four percent salary increase for faculty and staff;
- Expanded online programming that increases access to high quality programs already in place to adult and geographically-isolated students;
- Increased support for research universities to innovate and encourage industry partnership;
- A privacy advisory group now exists to advise the Board on issues surrounding big data and privacy;
- Continued collaboration with other state agencies and their education-related missions.

Beyond those achievements, NDUS has overseen the inclusion of Student Achievement Measure (SAM) data to convey graduation and retention statistics, which clearly highlight a nearly 73% success retention and completion rate. We've partnered with the Office of Management and Budget to align our procurement processes with the state. And, as noted in our report to the Interim Legislative Higher Education Committee and corroborated by an N.D. Auditor's Office report, Open Educational Resources have resulted in substantial savings for our students. Additionally, the State Higher Education Executive Officer Association (SHEEO) identified NDUS as one of two examples of best practices in higher education financial reporting.

I would also like to take the time to refer to two optional items Vice Chancellor Tammy Dolan: our continued initiatives regarding Campus Workforce and Campus Research. Our ongoing conversations with Business and Industry underscore the need to provide incentives to keep our best workers, as well as conducting research into emerging technologies. This unprecedented level of change brings with it an equally unprecedented opportunity for the state if we all work together.

Thank you.

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HB 1003 TESTIMONY

Mark Hagerott, Chancellor, NDUS

Strategy and Priorities: Serving students today, adapting to change, planning for the longer term

- Affordability for working families (SBHE Goal 1)
- Access to rural areas in a big state (SBHE Goal 2)
- Excellence for Student Success (SBHE Goal 3)
- System Efficiencies (SBHE Goal 4)
- Research Excellence (SBHE Goal 5)

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Envision 2018-2030

- **Needs of:**
  - **Students;**
  - **Faculty/Staff;**
  - **Business/Industry/Workforce;**
- **Impacts by:**
  - **Digital Revolution;**
  - **Western N.D. Resource Development;**
  - **Fiscal Environment;**
  - **Changes in *Age, Gender & Ethnicity* of N.D. demographic groups;**
- **Growth of Knowledge**

2019-21 Strategy and Priorities

- Economic: $5.2 billion FY 2017
- Innovating:
  - Polytechnic, Dual Mission
  - Support for open educational resources;
- Collaborating:
  - Telemedicine;
  - NDUS Transcript Exchange;
- Responding:
  - Revised program approval process;
  - Final authorization at a lower level;
  - Access to NDUS common app via the K-12 education portal.
- Standardizing:
  - Campus Solutions;
  - Finance and HR, consolidated payroll processing;
  - Learning Management System Blackboard;
  - Collaboration suite – Microsoft Office 365;
- Improving outcomes:
  - Leveraging SLDS to increase responsiveness/intervention times;
- Securing
  - Working to maintain/improve Data Privacy
  - Cooperatively working with DPI Emerging Tech working group, and private sector to ensure needs are met.

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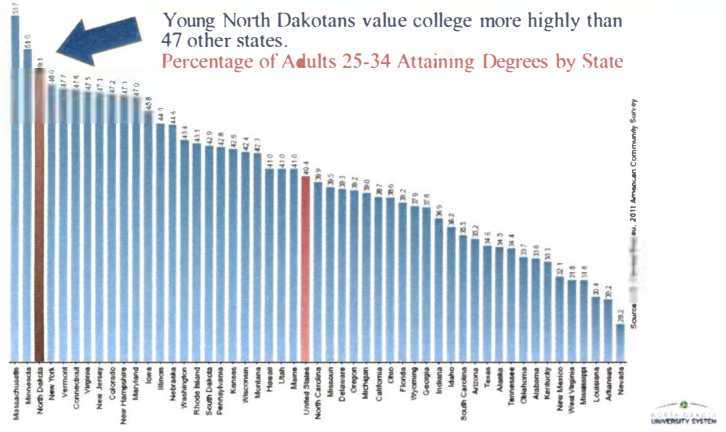
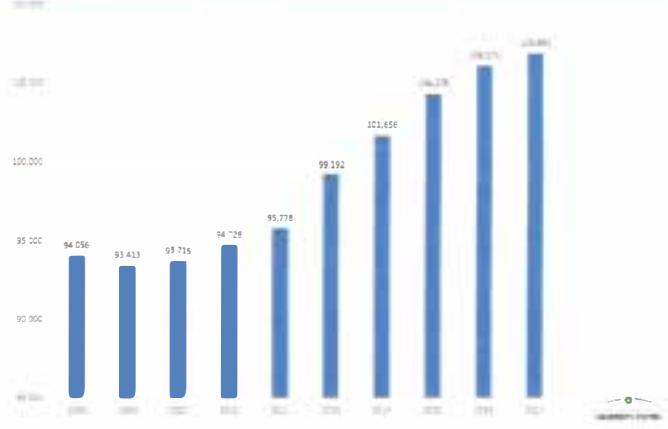
2019-21 Strategy and Priorities



Enrollment trends from a growing youth population



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Focused on Cost Savings, Efficiencies

- Cost Reduction effort in progress
  - Administrative reductions across all campuses; 'Golden Parachutes' abolished; administrative severance packages reduced; president's salaries frozen; positions consolidated.
  - Staff/Faculty Reduced: 500 FTE cut 2016.
  - Low Enrollment courses being reduced.
- Shared Services expansion in progress
  - Sharing functions where costs can be saved and services preserved, e.g., consolidating IT across system; selected campuses sharing academic courses/audit/HR and various other functions.

Emerging Issues

- Campus Workforce Initiative
  - One-time funding to develop/modify academic & technical offerings to address workforce needs, including nursing, digital agriculture, energy certificates, manufacturing & cybersecurity.
- Campus Research Initiative
  - One-time funding for expanded research into emerging technology and new fields, such as UAS, counter UAS, digital agriculture, cybersecurity, data analytics and medical applications.

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NORTH DAKOTA
UNIVERSITY SYSTEM

ND University System Facts

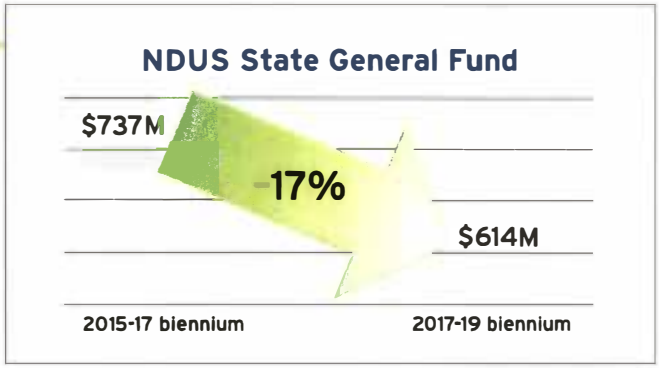
North Dakota voters established the State Board of Higher Education (SBHE) in 1939 to govern the 11 publicly funded institutions of the North Dakota University System. Twelve other states and territories use a similar, consolidated governing Board structure (Source: Education Commission of the states).

The SBHE carries out its constitutional responsibilities through a comprehensive set of policies. The Chancellor serves as the NDUS' chief executive officer. The Chancellor and the system office staff support the SBHE in developing public policy for the NDUS, in advocating on its behalf, and fostering shared governance and leadership throughout the system.

The SBHE governs 11 institutions: five two-year colleges, four regional universities, and two research universities.

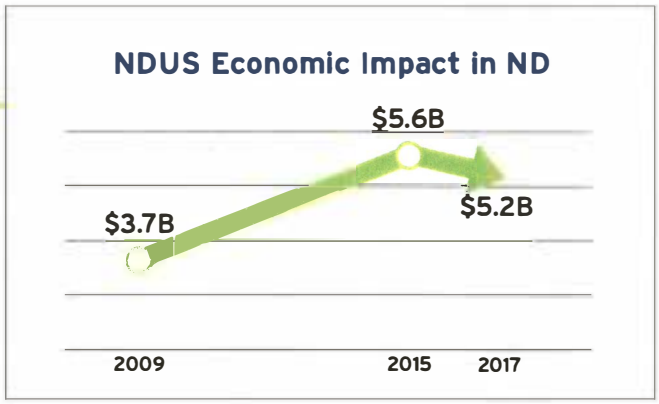
General Fund

The North Dakota University System's ongoing state general fund appropriation totaled $614 million during the 2017-19 biennium, which is a $123 million, or 17%, decrease from the original 2015-17 appropriation. State appropriation cuts coupled with previous budget allotments resulted in a reduction of nearly 700 positions across the system since January 2016. Reduction levels varied among the institutions, with most experiencing 18% - 19% cuts. The goal was to minimize the impact on students as much as possible.



Economic Impact

Total NDUS economic impact in North Dakota was $3.7 billion in FY2009 and $5.2 billion in FY2017 (Source: Economic Impact of NDUS, from NDSU Agribusiness and applied Economics Report, June 2017). Economic impact is comprised of direct NDUS expenditures, student living expenses, as well as the related secondary business activity.



By the Numbers

10,943
number of degrees awarded in 2017-18

45,882
Fall 2018 headcount enrollment

$6,754
2018-19 avg tuition and fees (4-yr rate); $7,638 - Regional average

27%
National higher ed cost increase from 2007-2017 [Higher Ed Pricing Index (HEPI)]

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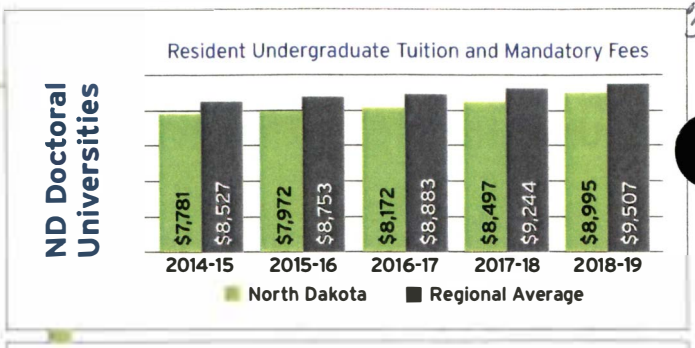
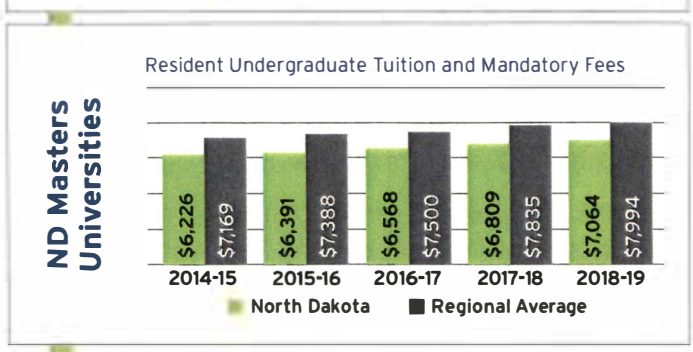
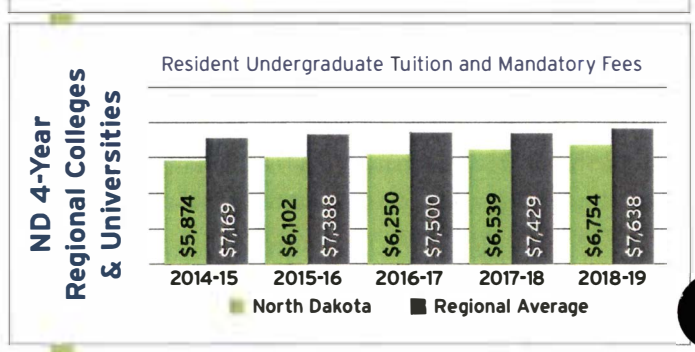
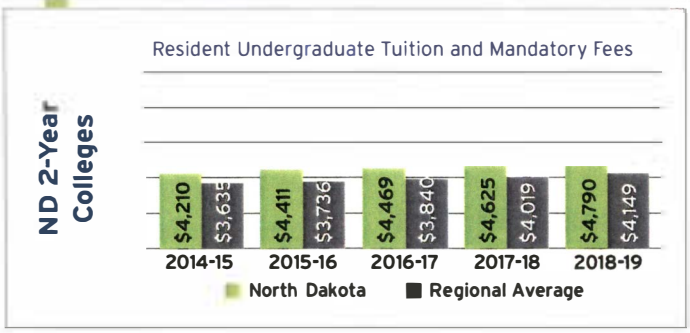
Tuition and Fees

- NDUS students have the lowest student loan default rate in the nation.
- NDUS students graduate with less debt on average than the rest of the nation.
- National student debt average was $30,100 in 2015, compared to $27,034 in North Dakota (NDUS Affordability report of 2017).
- Tuition and mandatory fees at ND research and four-year campuses are lower than regional and contiguous states' averages.
- ND two-year campus tuition and fee rates are higher than the regional averages and lower than the contiguous states averages.



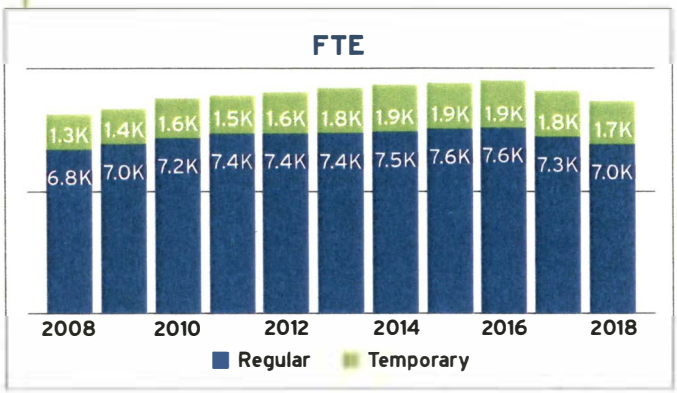






Employment Trends

This chart shows the overall employment trend of the NDUS for the past 10 years. The blue scale represents regular employees while the green scale represents temporary employees.



Envision effort in process since May 2016 has resulted in Board support for the following initiatives:

- **Taking care of people:** 4% raise for faculty and staff; re-affirmation of tenure
- **Stabilizing funding:** Exploring a funding stabilization mechanism for higher education
- **Adaptation to workforce needs:** Polytechnic model at Bismarck State College and Dual mission prototype at Dickinson State University
- **Access in the West:** Universities studying options to provide one-of-a-kind programs to students in the west such as: NDSU – Agriculture; UND – Energy, Law
- **Good stewardship:** Continue efforts for higher education operational efficiencies and shared services
- **Inclusion:** Improve relationships with ND tribal colleges
- **Focus on emerging technology:** New resources for innovative research and workforce programs

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North Dakota University System

Biennial Review

2017-2019

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Inside Cover: Bismarck State College recently expanded on its longtime reputation as one of the top community colleges in the region through growth of its mission. The college will be pursuing changes that will make it the first Polytechnic in the state, which will mean the ability to provided anded training in the trades as well as filling the growing category of "Middle Skills" jobs.

Top: At Dakota College at Bottineau, nursing students are offered a top-quality education through the Dakota Nursing Program. This multi-school consortium has continually provided students who tested above and beyond national rates, earning a 100 percent first-time pass rate in 2016 and 2017 for the PN program. That ensures all the future nurses the DNP trains meet N.D.'s health care needs.

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State Board of Higher Education

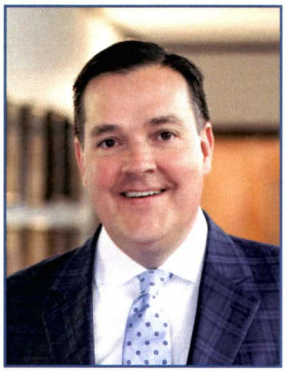
The State Board of Higher Education is the policy-setting and advocacy body for the NDUS and the governing body for it's 11 colleges and universities. It also oversees the NDSU Extension Service and Agricultural Research Stations, Northern Crops Institute, State Forest Service and the Upper Great Plans Transportation Institute. The SBHE is made up of seven citizen members appointed to four-year terms by the governor and one student appointed by the governor to serve a one-year term. The Council of College Faculties selects the board's non-voting faculty advisor, and the NDUS Staff Senate selects the board's non-voting staff advisor.



Don Morton
Chair, SBHE



Ashley Zarling
Student Member



Dan Traynor
Member



Jill Louters
Member



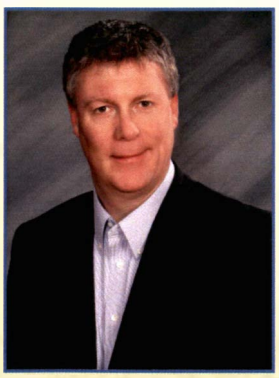
Dr. Casey Ryan
Member



Kathy Neset
Member



Nick Hacker
Vice Chair, SBHE



Andy Wakeford
Staff Adviser



Birgit Pruess, Ph.D.
Faculty Adviser

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Looking forward



Photo Courtesy of N.D. Dept. of Tourism

"Our job as a system of higher education is to maximize the opportunities for student success. The high standards throughout our 11 colleges and universities show that we're doing exactly that."

Mark R. Hagerott, Ph.D.
Chancellor
North Dakota University System

Thank you for taking time to read about the North Dakota University System (NDUS) and your State Board of Higher Education (SBHE) goals and plans for today and the future. As recent trends have shown both here in North Dakota and across the nation, higher education has never been so important and essential to creating new knowledge, improving the welfare of our students and citizenry, and in transforming our business workforce.

Our state's unified university system continues to respond at speed and scale to the needs of the state, while at the same time allowing remarkable latitude for campus-level innovation. Our state has among the most successful transfer rates of students in the nation. Two community colleges are now ranked in the top 25 in the nation for graduation rates; one research university has achieved national ranking as an online innovator; and all campuses are continuing to adapt to changing student and workforce needs.

We thank all our supporters, our Governor, and especially our legislators who have provided the means to build and maintain our system of colleges and universities. But make no mistake, while there is much good going on, the need to continue to adapt and innovate is urgent and relentless, and your State Board of Higher Education has just completed a two year listening-planning process called Envision 2030 to better understand this need.

As always, the SBHE puts student learning first, and appreciates the faculty as they continuously improve and adapt to students in the classroom. But there are now new needs to be addressed. What are a couple of the most important of these new developments?

First, the NDUS must help the western parts of our state respond to the massive Bakken disruption. Unlike many depopulating rural states, the demand for higher education services is strong in all four corners of North Dakota, but most urgent in the west.

To that end, the SBHE has approved highly innovative models to be prototyped at two western campuses, the Polytechnic at Bismarck State College and a Dual Mission Model where expanded certificates, two year, and four programs will be offered in an integrated fashion at Dickinson State University.

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Each of the 11 public colleges and universities within NDUS operates as part of a team - a system of higher education devoted to giving students of all kinds the education they want, where and when they want it, from trades to two-year degrees to four-year and doctoral programs, NDUS has what you're looking for.

A second major driver is digitization that will affect how people live, learn, create knowledge, and do business. Across the nation, massive reinvestment is occurring in technology programs both for research and for workforce. Our state is highly technical from oil fields, to wheat fields, but also to Air Force bases and to our larger cities abounding with growing tech companies.

The SBHE and NDUS understand this new need and our campuses are teaming together in an integrated effort to develop programs in robotics/UAS, digital analytics, and cybersecurity, to name but a few. The SBHE is also committed to pushing campuses to do more via distance education to help our more isolated, rural-AG workforces.

Yet there are other major challenges to be confronted. A first challenge is accelerating competition for future students and talented faculty and staff; the second is attaining and maintaining adequate and stable funding for North Dakotan's colleges and universities. Let me offer some analogies to how our grandparents met the challenges of their day, which might provide inspiration to our efforts today.

North Dakota has always been mindful to protect our precious resources. From the fertile fields of the Red River Valley (and beyond) to the beef ranching operations throughout the state, the rich lignite deposits of Coal Country, and the river systems that intertwine among them all, North Dakota has a heritage of protecting that which brings it prosperi[redacted]

This heritage is on display when we take to the roa[redacted], and can see shelter belts where trees historically had not stood before. Our grandparents planted these rows of trees in response to the Dust Bowl Conditions of the 1930s, to hold our natural resources of soil in the face of changed weather patterns involving dry conditions and high winds.

But these belts now serve a second purpose: a visible reminder of human adaptation, that should inspire this generation to adapt to the winds of change that are beginning to blow again.

But these winds are different. This time, the change is the regional energy transformation in the west, but perhaps more challenging, digital technologies and the consequences they bring for competition, mobility, and business disruption across the entire state.

Higher education is at the center of this challenge-adapt dynamic and now we need professors, staff, and financial resources combined in innovative ways to meet the winds of change.

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As the forces of digitization have progressed, information has become more readily prevalent and available to everyone, and young people have grown up with that as a common, basic feature to their lives. These "digital natives", which is beginning to include younger faculty and staff, are very mobile and can chase their dreams across the region or the country, especially when faced with uncertainty at home.

What do I mean by uncertainty in the context of North Dakota higher education? Financial uncertainty. While our 11 public colleges and universities have more successes than I have the space to list here, funding cut backs place a question mark in the minds of faculty, staff, and students about the future. They have faced cutbacks for three years, and fear more may be on the way. How significant have been the cutbacks?



Each of the 11 colleges and universities offer programs sought by students and workforce alike. From welding certificates to degrees in manufacturing engineering and more, the university system likely has what you, or your future bosses, are looking for.

The past few years, budget shortfalls have compelled campuses to reduce staff and faculty positions by almost 700. These are historic reductions, unparalleled since the Great Depression. In order to protect students and graduate them on time, campus leaders had to place substantially greater burdens on staff and faculty.

Over time, the increased demands have had a negative effect on workforce morale that has resulted in the loss of many talented educators. These financial and personal reductions cannot but help to affect the environment within classrooms and programs.

While faculty and staff have shielded students from the most negative consequences, future students and their parents are informed consumers and may increasingly choose programs out-of-state, where there is more financial stability and certainty, with the result that our workforce will face even greater shortages.

Not only might our state lose prospective students, but it is difficult to recruit and retain quality faculty, staff, and new students who have read of the volatility that arises from a commodity based economy.

So, what has the SBHE done in the face of this challenge? Our approach has been two fold, one in the immediate term, a second for the longer term.

Most urgently, the Board is asking for stable funding in this upcoming Biennium combined with a modest pay raise and financial incentives for innovation. Researchers, teachers, and staff who are especially talented in areas of emerging technology and knowledge need to know that we value them as transformative agents, and that the SBHE will make additional funding available for such innovators.

But, we have also come to realize the need to assure faculty, staff, parents, students, (and businesses that require skilled workforce) that this roller-coaster of higher education funding will eventually smooth out.

Long-term funding stability is a necessity and would serve as protection against the winds of change compelling out-migration of our most valuable resources: our people.

With this longer view in mind, the SBHE has proposed to conduct a joint study with the legislature of a Higher Education Stabilization Fund to serve a sort of budgetary 'shelter belt' for our state's public, post-secondary schools, to be in place by 2030. Such a concept has precedent in our state and in our nation,

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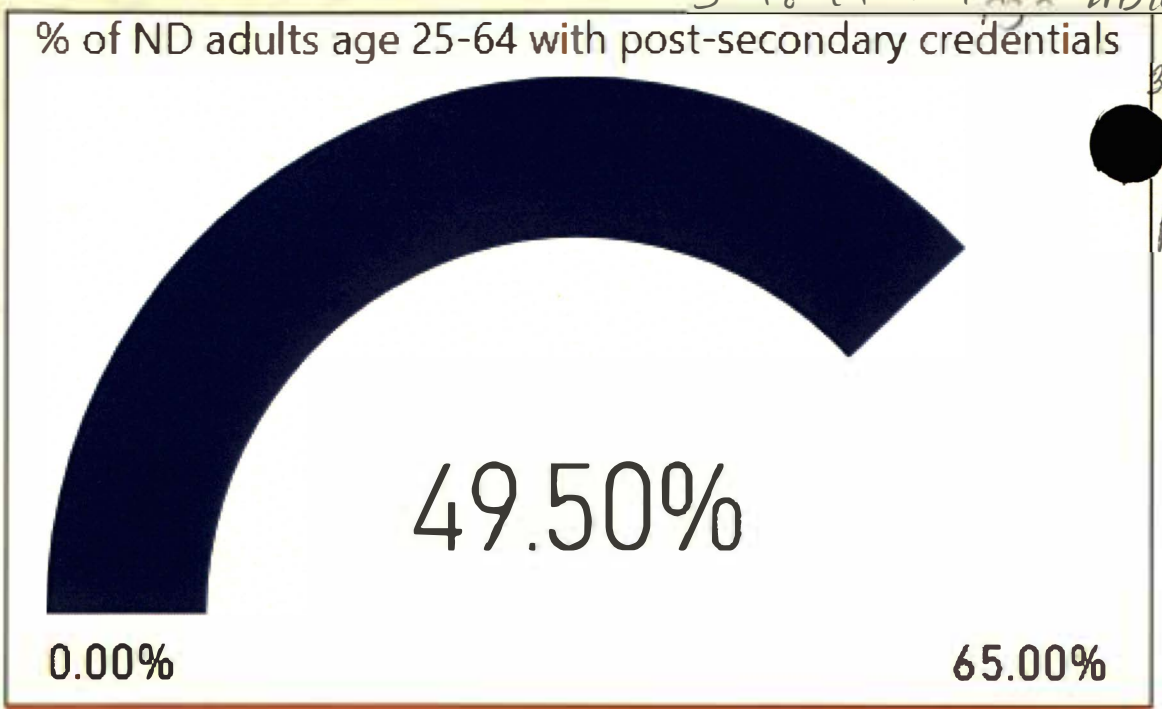
and in fact, similar funds support the North Dakota K12 system, and support higher education systems in several resource-rich states.

In these other energy states, they have learned to use a 'one time' harvest of energy resources to build up a renewable resource, the valuable human capital in the state. They have come to know how important it is to provide a stable environment for educational opportunity to take root, and to grow.



Post-secondary attainment - or, the number of individuals who have some type of education beyond high school - is on the rise. Numerous reports note that the future will see an increase in demand from business and industry for more highly-trained employees - up to 60 percent by 2025. The State Board of Higher Education is aiming for an aspirational goal of 65 percent attainment here in N.D. in that same timeframe.

In closing, I want to thank the people of North Dakota for building a highly effective system of education in our state.

I want to assure North Dakotan's that the campuses and Board and system staff continue to adapt, but to be clear that reduced funding could negatively impact our students, our work force, and the creation of an advanced, diversified economy.

For the reader who wants to learn more about the SBHE goals for your university system, the following sections can provide additional information.

NORTH DAKOTA
UNIVERSITY SYSTEM

ACCESS. INNOVATION. EXCELLENCE.

Deliver degrees that are the best value in the nation

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The Board's plan for ensuring that NDUS degrees are the best value in the nation includes the following strategies:

- Ensure the price to attend NDUS institutions is clearly stated and regionally competitive.
- Standardize categories of mandatory fees and strengthen fee policies.
- Increase the use of open educational resources.

In determining the priorities of the strategic plan, affordability is at the top. Discussions have involved price, as well as quality. We want to ensure that students throughout university system's 11 public leges and universities receive the largest possible return on investment.

The cost of obtaining an education in North Dakota is already favorable when compared to regional and national rates. Tuition and fee averages for doctoral universities in NDUS is $8,995, compared to the regional average of $9,507 per year. Our master's degree is $7,064, below the regional average of $7,994. An average bachelor's degree here is $6,754, compared to the regional rate of $7,638. The exception is the NDUS community colleges, where the regional average is $4,149 and ours is slightly higher at $4,790.

Affordability strategies have been implemented throughout the system, and they're bringing the Board's commitment to financial responsibility to fruition. One strategy, which involves Open Educational Resources, has saved students millions of dollars in textbook costs. Training opportunities were conducted through the system office through grants funded by the N.D. Legislative Assembly. Those activities have resulted in savings opportunities for students.

The strategy found implementation with widespread support from the state legislature. Mayville State University, University of North Dakota and Valley City State University saved students more than $1 million just two semesters after implementing OER in only a handful of classes. Faculty are looking at ways to expand OER use where possible to help increase the amount of savings for students.

The open educational resources that have been implemented on those campuses are electronic textbooks vetted by the University of Minnesota, and other classroom tools, that provide interactive, comprehensive experience that today's students deserve.



Since 1918, Dickinson State University has been preparing passionate, engaged educators to serve the region. The faculty work closely with prospective teachers to cultivate the critical thinking skills, patience, and caring common to all successful educators. Now, the university will seek to expand its role through a "Dual Mission" model that provides two- and four-year offerings.

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In order to meet the "best value" goal, the SBHE directed itself toward the following.
Standardize categories of mandatory fees and strengthen fee policies relative to charge, use, approval and oversight.

To that end, the Board:
Developed a plan for fee mergers, common naming and fee structures;
Approved standardized tuition model principles;
Approved implementation plans for all 11 public colleges and universities.

"NDUS is vital to the future of the state; it [is] a model for the nation in providing accessible, affordable public education."
– Faculty/Staff Survey



Lake Region State College was ranked 20th out of 762 two-year colleges in a recent report by the Chronicle of Higher Education. Institutions were ranked according to the number of first time, full-time students who started the fall of 2013 and completed either a degree or certificate within a three-year time period.

LRSC was more than double the national average.

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Provide programs people want, where and when they want them

This plan helps guide the NDUS to:

- Ensure programs are relevant, valuable and timely.
- Meet N.D.'s workforce needs through recruitment of students from traditional and non-traditional audiences, both in and out-of-state.
- Expand access to instructional opportunities through non-traditional delivery methods.

Accessibility and availability were among the priorities determined by the SBHE for the university system. Ensuring those priorities remain no matter how the economic climate of the state changes will have long-ing and expansive implications tudent success in N.D.

Our institutions have a history of working closely with partners in business and industry to provide a curriculum to our students that provides as much background and theory in our many programs as it does in providing practical skills. The relationships that have been fostered through the decades between our institutions and companies throughout the state continue to enable student success. When they graduate, our students find themselves with opportunity to succeed wherever they may go.

Working collaboratively with business, industry, and other campuses enables our institutions to seamlessly meet students' needs as a team, while at the very same time fulfilling their own unique missions.

The 2018 fall enrollment report showed that 56 percent of NDUS undergraduates listed their home state as North Dakota, 30 percent listed Minnesota, Montana and South Dakota, and the remaining students were from other states and international locations. Needs identified in the NDUS facilities master plan and in Job Service North Dakota's 10-year job projections indicate that student recruitment is essential to fulfill the needs of our state. Research shows students who are educated in the state are more likely to seek employment here, and businesses are aggressively recruiting our students.

Program takeaways:

Master of Arts in Teaching expanded.

Polytechnic, Dual Mission models encouraged.

Online and hybrid offerings increased.

Systemwide Content Management System rolled out.

The Workforce Education and Advisory Council and NDUS coordinated efforts in 2016-17 to find trends identifying when and where workforce needs and education intersect, noting that well-rounded graduates would be in the highest demand well into the future. Findings by the Workforce Development Council indicated in its 2018 report that "Middle Skills" jobs would be especially vital to the near-future of North Dakota's economic and workforce needs. Data released during workforce-related summits showed a potential increase in jobs in the next decade - growth that could bring as many as 100,000 new positions to the state.



Based upon established relationships with various two-year colleges and industry partners, Mayville State University's online RN-to-BSN program will continue to assist with expanding the level of education for registered nurses across the state.

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Minot State University values its tradition of educating elementary, middle school and secondary teachers. Education majors work with students in classrooms at multiple points during their studies, beginning the first semester, allowing them to gain experience with different age groups in a hands-on approach in preparation for teaching students.

Business leaders highlight being "fast and flexible in the delivery of educational offerings" as vital for students and the workforce, and that well-rounded students make flexible employees. A flexible system can move quickly toward meeting the needs of students. It can also help members of the workforce to quickly retool their skillset to meet the demands of an evolving economy.

One example is with the Master of Arts in Teaching graduate degree, which is being offered throughout the system. While it was first offered at Minot State University, the degree is now available at Mayville State University and Valley City State University as well. This program will provide further education to today's teachers and for those members of the workforce who want to train students in their own specialty.

In the past three years, enrollment in online and Interactive Video Network-delivered courses has increased steadily, by nearly 10 percent. With more collaborative efforts on the horizon, that number is sure to allow more people to access our academic programs than ever before.

In the fall of 2015, Bismarck State College and North Dakota State College of Science launched a Pharmacy Tech program partnership to help address workforce needs and deliver valuable job training to interested students. The program includes face-to-face general education classes at BSC combined with video format for NDSCS classes. The collaborative program includes classroom time, laboratory time and practical experience that has resulted in a 100-percent placement rate.

"We've heard loudly and clearly that classes need to be taught when students can take them. Students try to work full-time and go to school full-time; they need flexibility rather than 9 a.m. to 3 p.m."

-Business Leader interview

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Equip students for success

"Our focus is the whole student because they're here for more than classes. We're interested in developing well-rounded individuals, and lots of people on our campus understand this. They care about... the whole person." - NDUS Staff interview

After extensive consultation and deliberation, the Board implemented the following strategies:

- Improve admissions standards.
- Increase students' overall attainment rates.
- Streamline registering and advising transfer students.

Previously, considerable and exhaustive study had gone into student success, particularly in the subject areas of admissions standards and retention and graduation rates. The NDUS continues to collaborate with the Department of Public Instruction to work toward a future where the transition between high school graduation and the first day of a student's freshman year of college are as seamless as can be. New tools have been implemented throughout the system that will help advisors and counselors intervene on a student's behalf faster than ever. These tools, combined with university system dashboards, provide a data-based foundation from which challenges can be systematically met.

Other measures were implemented in recent years that helped track progress in a number of areas, including improved retention rates for first-time, full-time students; improved four-year and six-year graduation rates; the number of degrees awarded to Pell Grant recipients; and exceeding national averages for first-time pass rates on professional licensure exams.

While those numbers are useful for measuring outcomes and progress over time, student success is bolstered by much more. Student-to-faculty ratios, classroom sizes, and course delivery methods are vital to today's student. Thanks to our three-tiered system of colleges and universities, our students have a diverse range of options from which to choose.

Student Goal takeaways:

Transfer among NDUS institutions easier than ever.

Encourage strengthened student services.

Implement adaptive CMS for more responsive programming.

Encourage expanded digital offerings where/ when appropriate.

Opposite page, top: North Dakota State College of Science offers degrees, certificates and diplomas in more than 80 academic options in traditional career and technical studies as well as liberal arts.

Opposite page, bottom: North Dakota State University is a student-focused, land-grant, research university. NDSU is listed in the National Science Foundation's top 100 in several areas, including: agricultural sciences, social sciences, physical sciences, chemistry, psychology and computer sciences. In May 2016, the university renamed its Science, Technology, Engineering and Mathematics facility the A. Glenn Hill Center, after one of its former professors who had a profound impact on generations of STEM students through a four-decade career at NDSU.

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Maximize the strengths of our unified system

The Board's approval of its five-year strategic plan involved numerous recommendations for strengthening North Dakota's system of higher education.

- Strengthen academic collaboration among the institutions.
- Create efficiencies through shared programs and services where cost-savings and/or performance enhancements are achievable.
- Strengthen the system's ability to respond quickly to changing needs.
- Enhance the research reputation of the research institutions.

"Eleven campuses working co-operatively within one system to provide access to quality education for residents and non-residents - that's opportunity."
-NDUS Staff/Faculty survey

Each campus within the North Dakota University System has its own mission and its own unique set of programs. Those characteristics can be advantageous for the campuses and their communities, but especially the students.

However, there are even more advantages when the members of this group work together as a system. Advances in shared services and collaboration have propelled the system forward and proven how much can be done by a unified team. More efforts are likely to be found in the near future to help maximize that team effort and get the largest return on investment possible.

As an example, collaborative research efforts have moved forward significantly in Unmanned Aerial Systems, with staff and faculty at NDSU and UND focused on new technology and its many applications.



A University of North Dakota student works in the 360 degree air traffic control simulator in Clifford Hall. A large lab at the center of Clifford hall houses UND's 360° MaxSim® Tower/Radar system. The simulator consists of a 360° view with four synchronized radar positions and a surround-sound effect system. The tower simulator may be used in combination with the four radar positions, or the tower and the radar simulators may be run separately on different scenarios.

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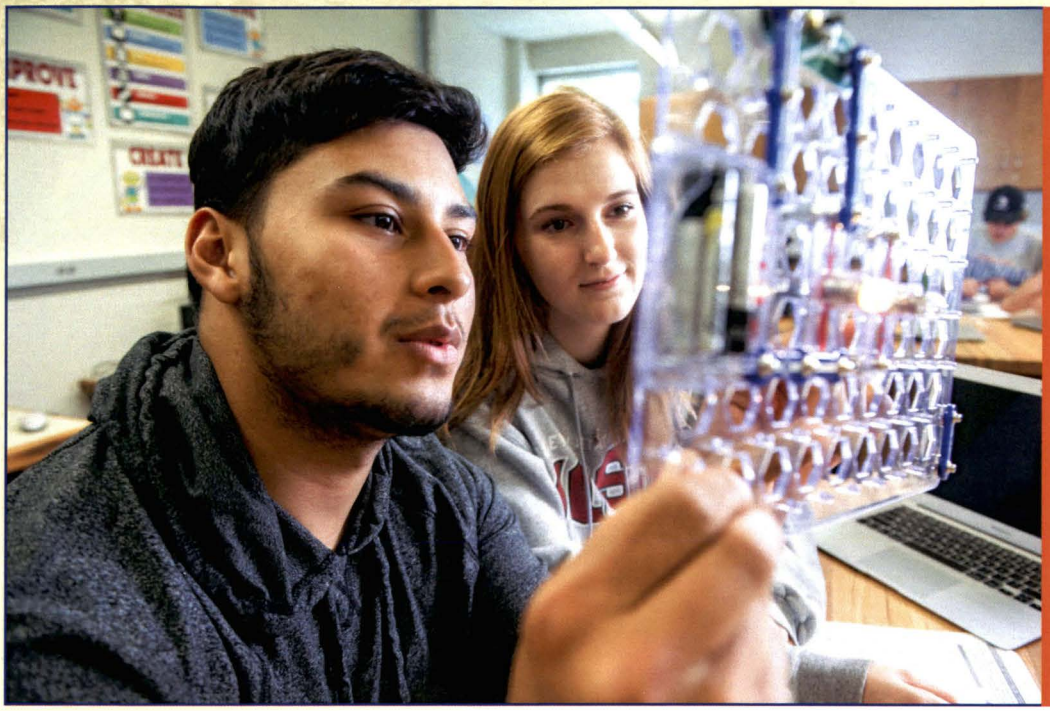

As one of the state's first colleges, Valley City State University continues its 128-year tradition of being a teacher's college through the instruction of Arts, Biology, Business/Business Administration, Career and Technical, Chemistry, Elementary, English, Health, History, Mathematics, Music, Physical, Social Science, and Techology educations. Additionally, VCSU offers two graduate programs completely online for those educators who strive for higher-level credentials.

Academic collaboration and administrative shared services are a constant focus across the system. The implementation of Strategic Planning Online offers instantaneous access to systemwide data. Numerous memoranda-of-understandings have formalized collaboration in many areas. For instance, Dickinson State University and Minot State University each provide bachelor degree opportunities on the BSC campus. Similar agreements exist between North Dakota State College of Science and North Dakota State University, and between Mayville State University and University of North Dakota. Other offerings, like the Dakota Nursing Program, create a statewide academic training consortium where nursing faculty at one institution can help train nursing students at another.

New collaborative programs are announced each semester, all with one common goal in mind – to deliver the programs that students need, when and where they need them, and do so as a unified system. Starting in the spring of 2017, Dakota College at Bottineau and Williston State College began offering a collaborative program aimed at training new medical assistants to address health care industry needs. A similar partnership among Bismarck State College, Mayville State University and Dickinson State University allows future educators to take coursework in early childhood education.

Further efforts have been made to increase collaboration on the technical side of things. Core Technology Services, the organization within university system that provides IT services, has elevated collaboration to a technical art form to create efficiencies of process and standardized data systems throughout the 11 colleges and universities. Among the major projects: standardization of email accounts and implementation of a systemwide Content Management System.

Additionally, a systemwide facilities master plan gives the Board a long-term tracking system that keeps one eye on the ground, and one eye toward the future, for the many facilities that exist on the campuses. It also provides legislators with an easy, accessible document that helps streamline the process across a unified system.

One notable milestone in collaboration and accountability was the creation of the strategic plan's "NDUS Dashboards," which serve as public repositories for real-time data related to higher education in N.D. The Dashboards were launched to replace a yearly, static document on accountability measures with a far more dynamic, up-to-the-minute analytics tool available to the public anytime, anywhere.

As part of NDUS's effort to streamline workflow, more than 150 policies and procedures have been standardized since 2014. That widespread standardization allows for our institutions to be more nimble, while still operating within an effective statewide framework.

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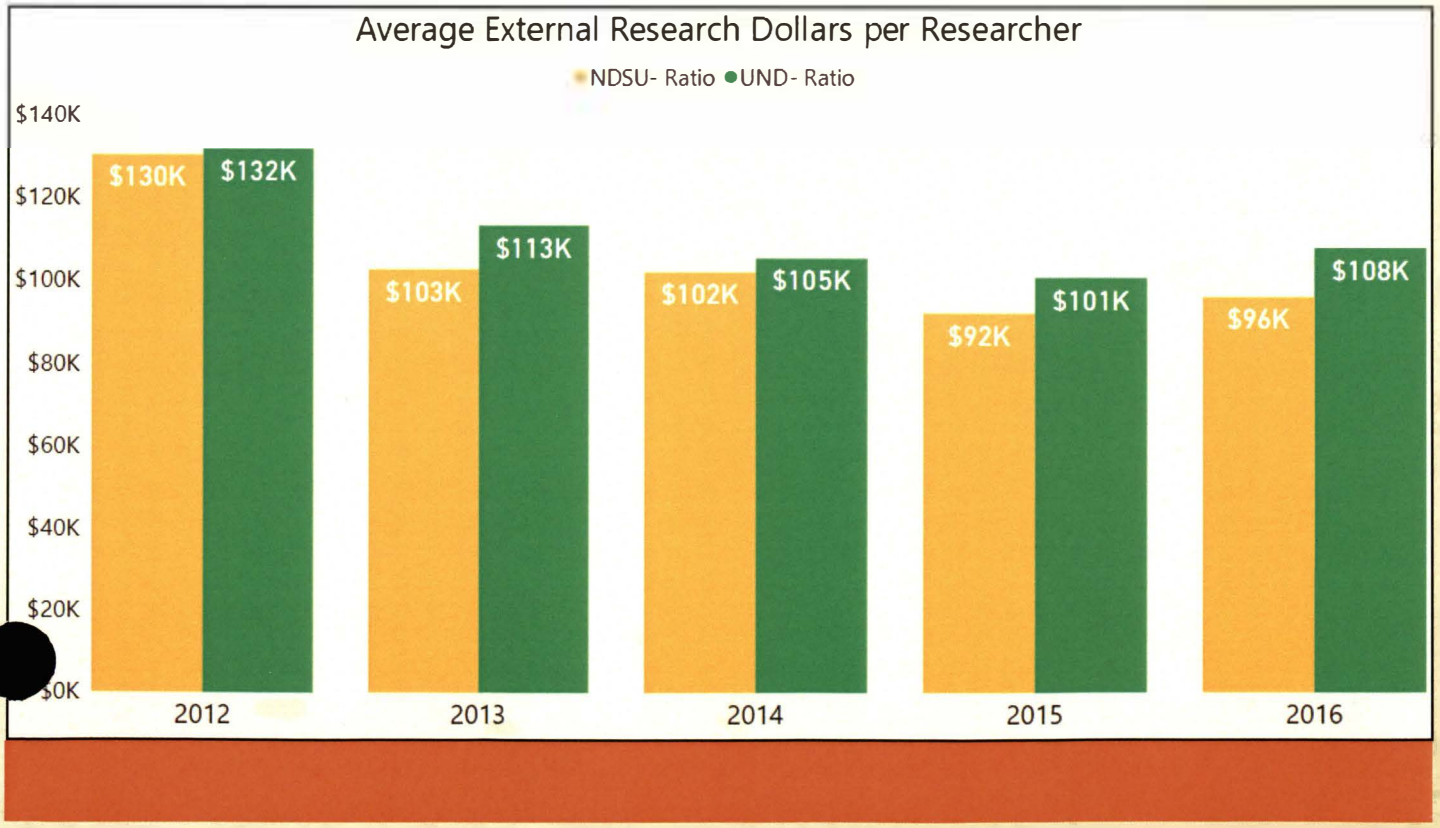
Research Excellence and Innovation

As funding for university research has decreased on a national scale, it was clear to the SBHE that renewed support was needed for research activity within the university system. In September 2017, Goal 5: Research Excellence and Innovation, was added to the NDUS strategic plan in order to foster the research ecosystem that exists within the state. In addition to the established research activity at the University of North Dakota and North Dakota State University, Goal 5 aims to further cross-sector collaborations in the research space at all 11 institutions as opportunities arise. Not only will this effort provide economic benefit to the institutions and their local communities, but to the entire state of North Dakota.

"There is exceptional research infrastructure in place; new partnerships underway; and world-class opportunities available for undergraduate, graduate, faculty and staff researchers and those engaged in creative pursuits."
-Research survey





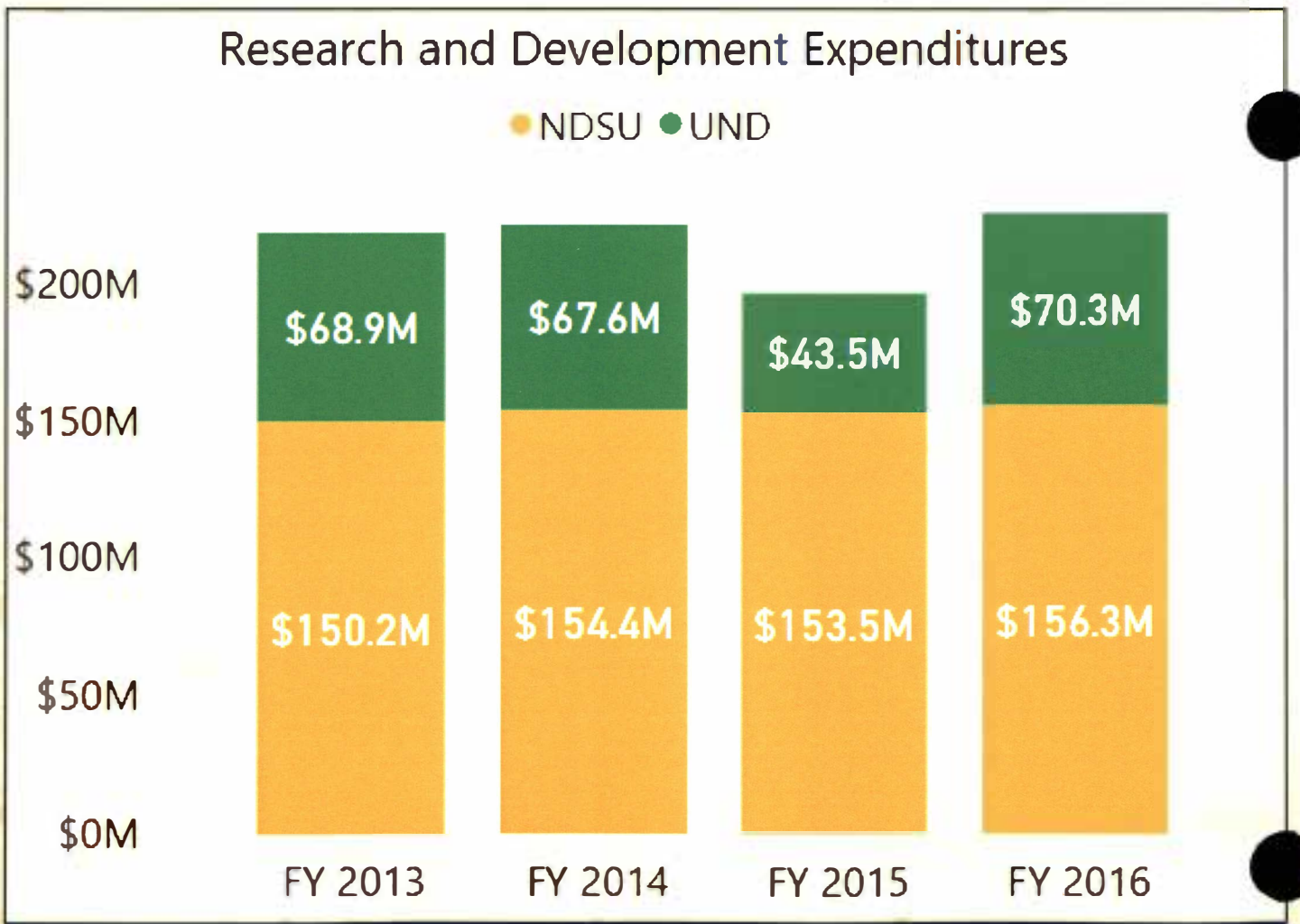
Research takeaways:
More than 1,400 articles written in peer-reviewed publications;

More than 900 grants awarded;

More than 250 honors/ awardes received;

Major progress is underway on cybersecurity, high performance computing, and unmanned aerial systems due to innovative work by researchers, and public/ private partnerships.

Research and Development Expenditures



Research spending saw some gains in 2017, with UND hitting $102 million on research, and NDSU maintaining its spending of more than $153 million.

Financial Snapshot

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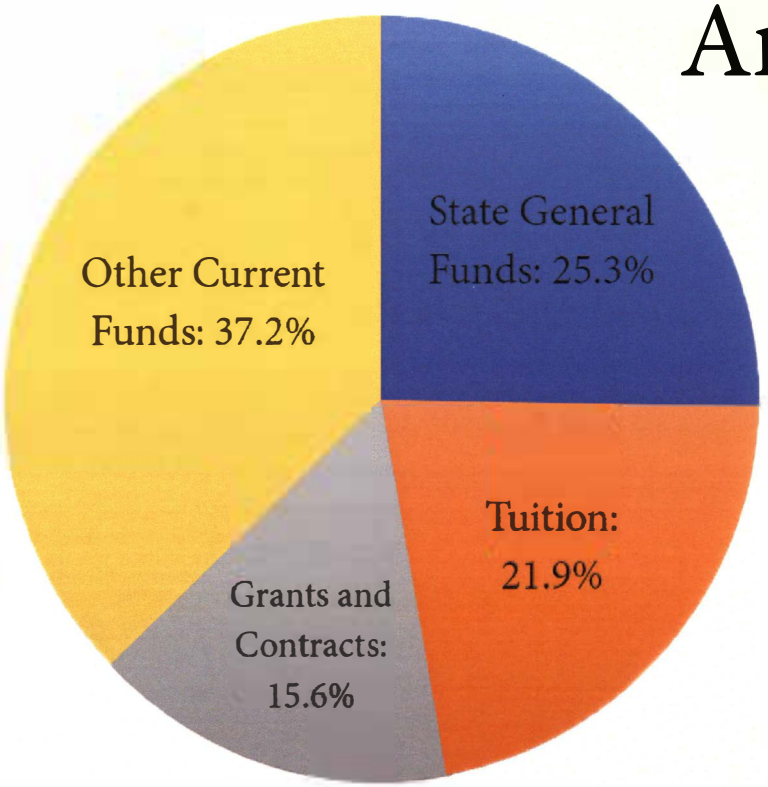
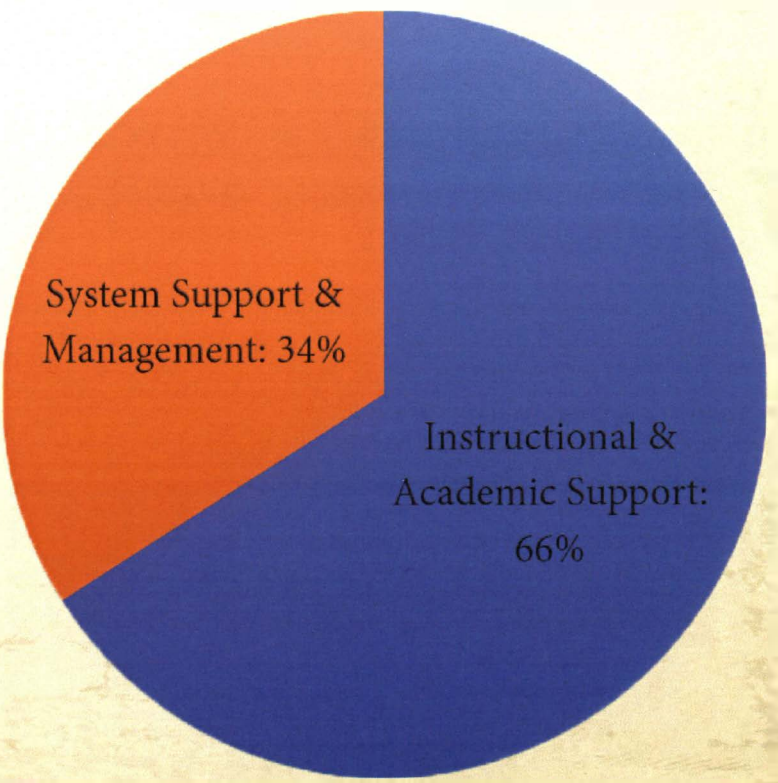
2017-2018 Annual Budget



2018-19 Salary Expenditures



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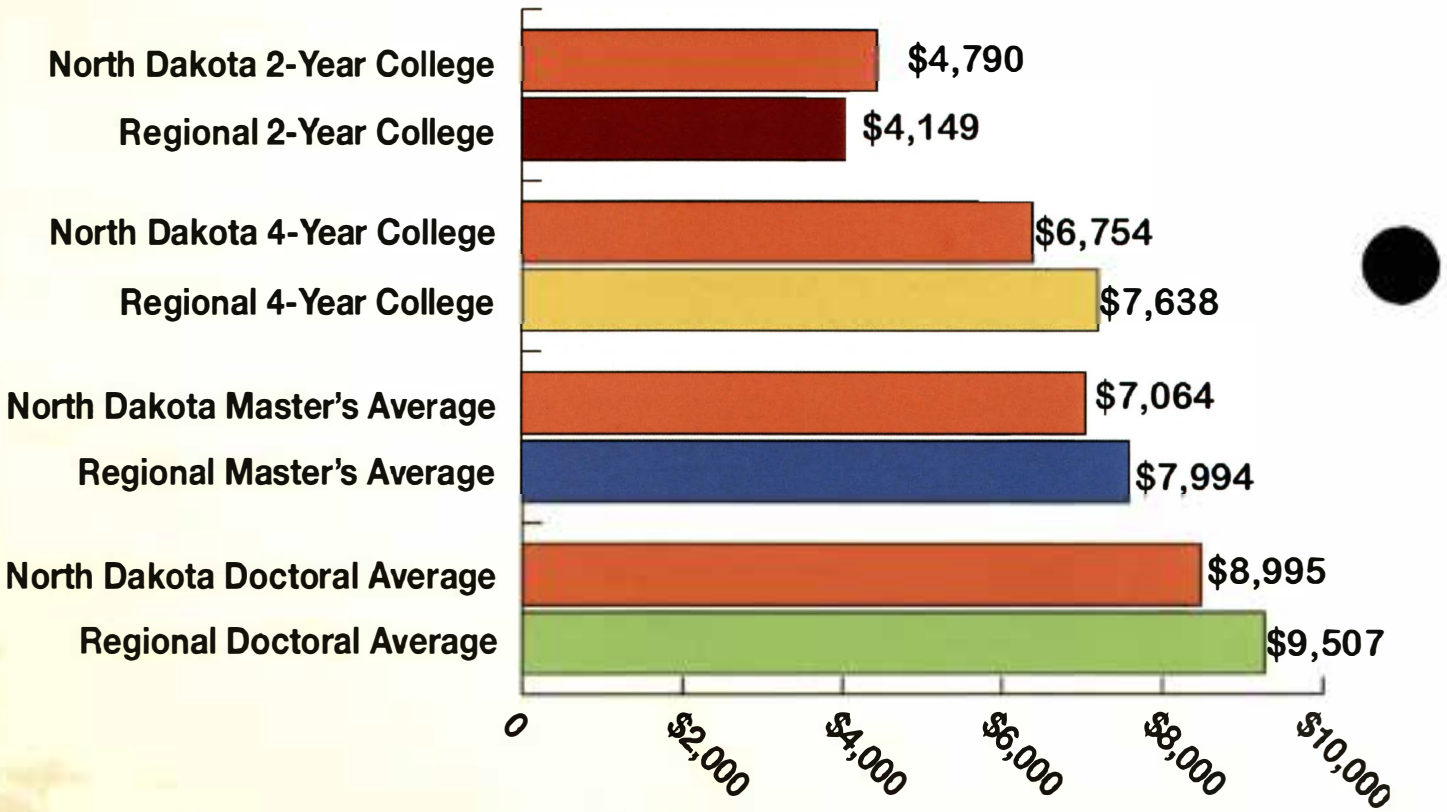
Tuition Snapshot

2017-18 Academic Year
North Dakota Tuition & Fees
vs. Regional Averages



Data Sources: "Tuition and Fees in Public Higher Education in the WEST" "2017-18 detailed data tables" WICHE report. (All states except North Dakota and Minnesota); Minnesota rates from http://www.ohe.state.mn.us/sPages/TuitionChart.cfm?State=MN&pageID=651; North Dakota rates from 2017-18 Institutional Charges Schedule; U.S. Census Bureau, 2016 American Community Survey (ACS) One-Year Public Use Microdata Sample (PUMS) File (Provided by NCHEMS)

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Studying long-term needs

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After substantial work, five task forces have provided major recommendations for the university system's future work.

The task forces were brought to life from the legislative mandate in Senate Bill 2003, and got to work in October 2017 by organizing for the first time at Lake Region State College. During one afternoon session, the five groups narrowed their respective focuses to dig deep into topics that each hold promise of finding further efficiencies in our system.

Each did so with a specific topic in mind: Alignment and Articulation; Technical Programs and Workforce Needs; Common Enrollment Management Systems; Business and Shared Services; and Academic Programs.

Each of the task forces submitted relatively detailed reports in June 2018.

In forming task forces and setting them to work, it's always a risk that certain previous efforts may be duplicated. However, NDUS remained fortunate in that these five groups had access to previous studies and reports created by the academic, business, and legislative bodies. This wealth of information provides great opportunity for comparative analysis of what works, and what doesn't.

Alignment and Articulation:

The Secondary and Post-Secondary alignment task force reported that feedback had been gathered regarding how to better suppot expansion of early entry/ CTE/dual credit programs; continuing to expand/improve alignment among two- and four-year schools, including the creation of advising documents providing updated information on workforce options and readiness, and postsecondary opportunities; and the creation of College and Career Developmenet Coordinator positions to help facilitate these needs.

Technical Programs and Workforce Needs:
The Technical Programs and Workforce Needs task force recommended identifying additional ways to promote articulation and alignment of high school career technical education with postsecondary credentials; to create a dashboard that identifies access to programs and how they meet current high-demand jobs and where those programs don't exist in NDUS; and to identify pathways that might enhance offerings in high-demand jobs, and then develop a budget to meet that need.

Common Enrollment Management Systems:
The Common Enrollment Task Force reported on the need to



Williston State College's Petroleum Production program is adapting to meet the needs of an ever-changing industry. Likewise, WSC Foundation has adapted and is giving back through regional scholarships, which cover tuition and fees for eligible graduates of 10 local high schools who enroll and attend as a Teton.

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develop plans for: a common application form; a common application process; a unified application management system; and a unified financial aid verification process.

Business and Shared Services: The Business and Shared Services Task Force reported on needing to address and prepare plans for shared or unified: insitution administration; business services for accounting, accounts payable, accounts receivable, procurement, and human resources; business services for payroll; and any other functions that may be later identified.

Academic Programs: The Academic Programs Task Force noted that the system should examine a common course catalog for the 2-year colleges; a policy for class section sizes; processes for identifying programs that could be enhanced by program sharing; and devea plan for academic pathways.

When combined with the Chancellor's Cabinet Studies, the presidents' goals, and findings established from the consensus-building Envision 2030 effort, and studies conducted by both the Workforce Education Advisory Council and Workforce Development Council, these recommendations should serve the system well.

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Studies takeaways:

Framework "Pathways" document to aid counseli and advising.

Shift to common enrollment and financial aid proccesses.

Consolidation of finance/ payroll operations.

Adoption of a two-year common course catalog.

Promote high school career technical education to post-secondary articulation.



Founded in 1890 as one of the state's first Normal Schools, Valley City State University continues its contribution to North Dakota teacher preparation with robust bachelor's programs in elementary education and secondary education, including art, music, and career and technical education, with online offerings in several disciplines. Two online master's programs provide opportunities for those in the work force to gain or augment teaching credentials.

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Envision 2030, and beyond

The Envision 2030 initiative moved steadily forward for the past two-and-a-half years. On its way, it was able to build consensus toward systemwide strategy.

Students, staff, faculty, administrators, legislators, business owners, industry representatives, agency heads and more helped shape the workforce-related conversation surrounding Agriculture, Energy, Health Care, Law and Legal Systems, Manufacturing and Technology; as well as shaping similar, student-focused conversations on Diversity, Liberal Arts & Humanities, Tomorrow's Student and the Whole Student.

While the overarching strategy of the initiative called for the first [illegible]-term goals to be realized by 2019, early successes were many.

Private and public partnerships were already increasing by the time Envision 2030 held its first summit, and continued with specialized publications being sent to public high schools in the state regarding public, post-secondary workforce opportunities on Ag, Energy, Manufacturing and Technology.

Additionally, it was found that much of the feedback generated by the Envision 2030 Advisory Groups - comprised of subject matter experts from all over the state within the aforementioned constituencices - offered in-depth datasets and complementary perspectives to the studies done by the legislatively-created Workforce Education Advisory Council, the Governor's Workforce Development Council, and the Senate Bill 2003 legislatively-mandated task forces.

Unsuprisingly, funding became a renewed focus for NDUS across all three studies, particularly in developing responsive programs to ensure our state's "Middle Skills" jobs needs were met, as well as to remain competitive across our research goals.

So, while NDUS found some early success in areas of standardization, collaboration and shared services, the path continues forward well into the future.

Ensure each tuition dollar a student spends goes further.

Encourage campus adaptability to regional markets.

Create more opportunities for student success in anticipation of workforce diversification and research needs.

Provide a solid foundation from which students may learn and faculty may educate by restoring higher education funding to 2015 levels.

Work with the legislature for the study of and eventual creation of a mechanism to buffer higher education from future commodity induced funding disruptions by 2030.



More than 200 of education's leaders kicked off the Envision 2030 summit in May 2016. The two years' worth of studies, discussions, listening sessions and advisory team reporting that followed shaped a distinctive set of goals for higher education in the state.

Perhaps more importantly, it connected the varied constituent groups, who were reminded that all who value education in the state do so because it provides opportunity for student - and state - success.

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SENATE APPROPRIATIONS COMMITTEE – HOUSE BILL 1003

NDUS SYSTEMWIDE OVERVIEW
MARCH 18, 2019

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2019-21 NDUS Needs-Based Budget Request

2019-21 Ongoing Budget Request
In Millions

	General Fund	Tuition	Other Funds	Total
2017-19 Base	$ 613.3	$ 627.3	$ 1,232.0	$ 2,472.6
Formula Production	$ 9.7			$ 9.7
Bond Payments	$ (1.7)			$ (1.7)
Salary Increase 4%/4%	$ 22.7	$ 19.9	$ 20.3	$ 62.9
2019-21 Needs-Based Budget	**$ 644.0**	**$ 647.2**	**$ 1,252.3**	**$ 2,543.5**
$ Change	*$ 30.7*	*$ 19.9*	*$ 20.3*	*$ 70.9*
% Change	*5%*	*3%*	*2%*	*3%*

2019-21 Optional Investment Opportunities
In Millions

	General Fund	Other Funds	Total
Base Requests	$ 14.5		$ 14.5
One-Time Requests	27.3		27.3
Capital Projects	97.2	227.3	324.5
2019-21 Optional Request	**$ 139.0**	**$ 227.3**	**$ 366.3**

2019-21 Need-Based Budget

- Unanimously approved by SBHE on 6/28/2018
- Reflects statutory formula production & bond payment changes
- 4% average salary increases
  - Merit-based, not across-the-board
  - 2/3 non-General Fund dollars
  - Requires 1.5% - 2.9% annual tuition increase
- Does not restore 2015-17 $122.7M GF cuts
  - Repurposed, reprioritized, scaled back to live within means
  - About 700 FTE positions reduced
- Recommended 5% budget reduction
  - Another 150 FTE positions
  - 850 FTE = 10% staffing reduction in < 3 years
  - 2% - 6.5% annual tuition increases to offset 5% reduction
  - Price increases diminish student affordability & may impact enrollment at some institutions

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2019-21 House Recommendation to NDUS Needs-Based Request – Ongoing

	2019-21 Needs-Based Budget Request *In Millions*			
	General Fund	**Tuition**	**Other Funds**	**Total**
2017-19 Base	$ 613.3	$ 627.3	$ 1,232.0	$ 2,472.6
Formula Production	$ 9.7			$ 9.7
Bond Payments	$ (1.7)			$ (1.7)
Salary Increase 4%/4%	$ 22.7	$ 19.9	$ 20.3	$ 62.9
Total	**$ 644.0**	**$ 647.2**	**$ 1,252.3**	**$ 2,543.5**
Base $ Change	*$30.70*	*$19.90*	*$20.30*	*$70.90*
Base % Change	*5%*	*3%*	*2%*	*3%*

	2019-21 House Recommendation *In Millions*			
	General Fund	**Tuition**	**Other Funds**	**Total**
2017-19 Base	$ 613.3	$ 627.3	$ 1,222.4	$ 2,463.0
Formula Production/Residencies	$ 9.6			$ 9.6
Bond Payments	$ (1.7)			$ (1.7)
MHEC Dues	$ .2			$ .2
Replace SLTF Dollars	$ .8			$ .8
Increase Student Financial Assistance Grants	$ 2.0			$ 2.0
Increase Tribal College Grants	$ 0.4			$ 0.4
Move TSLF to DPI	$ (2.1)			$ (2.1)
Salary/Health/Retirement Incr.	$ 19.6	$ 18.3	$ 18.9	$ 56.8
Total	**$ 642.1**	**$ 645.6**	**$ 1,241.3**	**$ 2,529.0**
Base $ Change	*$28.80*	*$18.30*	*$18.90*	*$66.00*
Base % Change	*5%*	*3%*	*2%*	*3%*

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UNIVERSITY SYSTEM

ACCESS. INNOVATION. EXCELLENCE.

HIGHER EDUCATION FUNDING FORMULA

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2015-17 Completed Student Credit Hour Report Summary

Institution	2013-2015 Adjusted SCH	2015-2017 SCH	Weighted SCH (Instructional Program Factor)	Credit Completion Factor	Institutional Size Factor	2015-2017 Adjusted SCH	2015-17 Adjusted SCH Increase (decrease)
BSC	328,920	158,023	290,994	1.10	1.00	320,093	(8,827)
DCB	82,260	25,526	44,307	1.80	1.00	79,753	(2,507)
LRSC	136,517	58,258	88,916	1.50	1.00	133,374	(3,143)
NDSCS	377,169	121,634	221,464	1.00	1.70	376,489	(680)
WSC	89,865	38,743	61,016	1.70	1.00	103,727	13,862
DSU	204,805	59,541	134,777	1.50	1.00	202,166	(2,639)
MASU	163,891	45,418	112,804	1.60	1.00	180,486	16,595
MISU	457,194	145,979	391,553	1.10	1.00	430,708	(26,486)
VCSU	234,969	62,245	166,036	1.50 ~~1.40~~	1.00	249,054 ~~232,450~~	14,085 ~~(2,519)~~
NDSU	2,211,355	708,490	2,180,302	1.00	1.00	2,180,302	(31,053)
UND	3,257,601	700,471	3,279,783	1.00	1.00	3,279,783	22,182
TOTALS	**7,544,546**	**2,124,328**	**6,971,952**			**7,535,935** ~~**7,519,331**~~	**(8,611)** ~~**(25,215)**~~

The original budget request as presented to the House contained an error due to misinterpretation of NDCC 15-18.2-03, which was instituted by the 2015 Legislative Assembly. VCSU's 2017-19 credit production completion factor should be 1.50; the factor will drop to 1.40 for the 2021-23 biennium. In 2017-19 the WSC credit completion factor should have been 1.80, however, it is correct for 2019-21.

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2017-19 Institution Formula Funding – Base Budget

Institution	2017-19 Base Budget	2015-17 Adjusted SCH	Statutory Rate per SCH	2019-21 Base Budget	Change from 2017-19	
BSC	$30,600,597	320,093	$ 93.03	$ 29,778,252	$(822,345)	-3%
DCB	$7,652,945	79,753	$ 93.03	$ 7,419,422	$(233,523)	-3%
LRSC	$12,700,623	133,374	$ 93.03	$ 12,407,783	$(292,840)	-2%
NDSCS	$35,089,376	376,489	$ 93.03	$ 35,024,772	$(64,604)	0%
WSC	$8,360,503	103,727	$ 93.03	$ 9,649,723	$1,289,220	15%
DSU	$17,806,843	202,166	$ 86.95	$ 17,578,334	$(228,509)	-1%
MASU	$14,249,605	180,486	$ 86.95	$ 15,693,258	$1,443,653	10%
MISU	$39,750,979	430,708	$ 86.95	$ 38,160,940	$(1,590,039)	-4%
VCSU	$20,429,502	249,054 ~~232,450~~	$ 86.95	$ 21,655,245 ~~$ 20,211,528~~	$1,225,743 ~~$(217,974)~~	6%
NDSU	$128,591,042	2,180,302	$ 58.65	$ 127,874,712	$(716,330)	-1%
UND	$140,096,089	3,279,783	$ 58.65	$ 140,099,633	$3,544	0%
UND-MED	$51,848,093			$ 52,259,640	$411,547	1%
UND-MED Residency Program				$ 10,676,150	$10,676,150	
TOTALS	**$507,176,197**	**7,535,935**		**$ 518,277,846** ~~$ 516,834,147~~	**$11,101,667** ~~$9,657,950~~	**2%**

Formula Increase = $11.1 million

- Institutions: $0.4 million increase, including:
  - $710K minimum amount payable will sunset 6/30/2019, unless reinstated
  - **Request:** $1.5 million increase to correct VCSU
  - **Request:** $491,850 one-time correction for WSC
- SMHS Healthcare Workforce Initiative: + $10.7 million
  - $6.2 million credit prod.
  - $4.5 million formerly Student Loan Trust Fund
  - 2017 SB2003
  - Section 16- residency funding ongoing
  - Weighting factor for medical doctor credits reduced from 38 to 34.5
  - Separate appropriation line
- **Request:** Separate line item for UND Law School

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2019-21 House Recommendation to Institution GF Needs-Based Budget - Ongoing

Institution	2017-19 Base Budget	SCH Production Changes – Base	House Recommended 2%/2% & Health Compensation Package	2019-21 House Recommendation	2019-21 NDUS Needs Based Budget (corrected)	Variance from NDUS Needs Based Budget
BSC	$30,600,597	($822,345)	$1,117,124	$30,895,376	$31,104,984	($209,608)
DCB	7,652,945	(233,523)	278,338	7,697,760	7,728,117	(30,357)
LRSC	12,700,623	(292,840)	465,475	12,873,258	12,897,302	(24,044)
NDSCS	35,089,376	(64,604)	1,313,946	36,338,718	36,525,241	(186,523)
WSC	8,360,503	1,289,220	362,007	10,011,730	9,901,737	109,993
DSU	17,806,843	(228,509)	713,646	18,291,980	18,465,369	(173,389)
MASU	14,249,605	1,443,653	637,115	16,330,373	16,246,441	83,932
MISU	39,750,979	(1,590,039)	1,520,399	39,681,339	39,721,167	(39,828)
VCSU	20,429,502	(217,974)	820,548	21,032,076	22,521,953	(1,489,877)
NDSU	128,591,042	(716,330)	4,469,619	132,344,331	133,335,881	(991,550)
UND	140,096,089	3,544	6,723,555	146,823,188	145,412,076	1,411,112
SMHS	51,848,093	411,547		52,259,640	55,254,034	(2,994,394)
SMHS-HWI Residency Program		10,676,150		10,676,150	10,676,150	-
Total	**$507,176,197**	**$9,657,950**	**$18,421,772**	**$535,255,919**	**$539,790,452**	**($4,534,533)**

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2019-21 House Recommendation to System Office GF Needs-Based Budget – Ongoing

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Appropriation Line	2017-19 Base Budget	Base Budget Adjustments	House 2%/2% & Health Compensation Package	2019-21 House Recommendation	2019-21 Needs Based Budget	Variance from Needs Based Budget Request
System Governance	$ 7,486,143	$ 230,000	$ 265,599	$ 7,981,742	$ 7,790,171	$ 191,571
Capital bond payments	6,605,326	(1,645,878)		4,959,448	4,959,448	
Veterans Assistance Programs	277,875			277,875	277,875	
Student Mental Health	284,400			284,400	284,400	
Core Technology Services	37,964,115		725,229	38,689,344	38,779,483	(90,139)
Student Financial Assistance Grants	21,917,306	2,000,000		23,917,306	21,917,306	2,000,000
ND Scholars Program	1,807,115			1,807,115	1,807,115	
Native American Scholarship	555,323			555,323	555,323	
Education Incentive Programs	2,863,393	(2,103,393)		760,000	2,863,393	(2,103,393)
Tribal Community College Grants	100,000	400,000		500,000	100,000	400,000
Academic and Tech Ed. Scholarship	12,016,749			12,016,749	12,016,749	
Student Exchange Program	3,234,035	465,307		3,699,342	3,234,035	465,307
Competitive Research Program	6,027,750			6,027,750	6,027,750	
Shared Campus Services	500,000			500,000	500,000	
Total	**$101,639,530**	**($ 653,964)**	**$ 990,828**	**$ 101,976,394**	**$ 101,113,048**	**$ 863,346**

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2019-21 House Recommendation to Forest Service Needs-Based Request – Ongoing

	2017-19 Base Budget	House 2%/2% & Health Compensation Package	2019-21 House Recommendation	2019-21 Needs Based Budget Request	Variance from Needs Based Budget Request
Forest Service	$ 4,426,427	$ 215,397	$ 4,641,824	$ 4,609,258	$ 32,566

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2019-21 House Recommendation to Request – Optional Adjustments

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NDUS Optional Requests				Executive Recommendation	Engrossed HB 1003 - House Version	
	Description	Request Amount		Amount	Amount	
		Ongoing	One-Time	Ongoing	Ongoing	One-Time
Sustain Existing Service Levels						
Replace Student Loan Trust Fund (SLTF) Dollars for:						
Connect ND	Since 1993, partially funded six FTE to maintain Campus Solutions. (ongoing) A $0.30 Connect ND fee increase ($5.50 to $5.80 per credit / 12 credit cap) will cover lost SLTF dollars.	$539,437		$539,437		
Professional Student Exchange Program (PSEP)	Fewer ND students placed into veterinary, dentistry and optometry programs (ongoing)	$465,307		$465,307	$ 465,307	
Tribal College Grants for Non-Native Students attending Tribal Colleges	SLTF funds comprise 83% of $600,000 budget (ongoing). Governor enhanced funding by $400,000 as part of workforce initiative.	$500,000		$900,000	$ 400,000	
Academic & CTE Scholarship	Increased scholarship awards require $2.9M additional funds (ongoing)	$2,939,803		$ 2,939,803		

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2019-21 House Recommendation to Request – Optional Adjustments

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NDUS Optional Requests				Executive Recommendation		Engrossed HB 1003 - House Version		Other Bills
	Description	Request Amount		Amount		Amount		
		Ongoing	One-Time	Ongoing	One-Time	Ongoing	One-Time	
Systemwide Initiatives – Envision 2030								
Campus Workforce Initiative Pool	$4.0 million (one-time) to develop and/or modify academic & technical offerings to address workforce needs, including nursing, digital agriculture, energy certificates, manufacturing & cybersecurity.		$4,000,000					
	$1.0 million (ongoing) for scholarships to students completing programs in high-demand workforce areas.	$1,000,000						HB1171- $5.0 million BND profits for skilled WF loan repayment
								SB2039- $10.0 million BND profits skilled WF scholarships
Campus Research Initiative Pool	One-time funds for expanded research into emerging technology and new fields, such as UAS, counter UAS, digital agriculture, cybersecurity, data analytics and medical applications (one-time)		$10,000,000					HB1333- $3.0 million BND profits Legacy Innovation Fund for Technology research
								SB2249- $6.0 million general fund (oil & gas revenues) UND State Energy research fund
								SB2282- $45.0 million general fund (15% legacy fund earnings ongoing) UND/NDSU economic diversification research grants
Digital Transformation	One-time funds to assist campuses to adjust to digitization demands by purchase of new automation tools to free up labor		$ 500,000					

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2019-21 House Recommendation to Request – Optional Adjustments

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NDUS Optional Requests				Executive Recommendation		Engrossed HB 1003 - House Version	
	Description	Request Amount		Amount		Amount	
		Ongoing	One-Time	Ongoing	One-Time	Ongoing	One-Time
Systemwide Technology Initiatives							
IT Security	2.00 FTE operational security positions (ongoing) for proactive identification and response to cybersecurity issues and threats. Coordinated with ITD resources.	$480,000					
Digital Initiative	$2.0 million each for NDSU & UND to support existing high-performance computing infrastructure & increase capacity to provide expert resources in advanced informatics, scientific computing and application development.	$5,700,000					
	$850,000 each for NDSU & UND to support existing high-speed, high-capacity research network. Additional 5 FTE staff(1 NDSU & 4 UND)						
Systemwide Initiatives – SB2003 Task Force							
Common Enrollment Mgmt. System	Enhanced common application including a robust applicant portal, improved Mobil experience, field validation, logical field routing and institutional branding ($100,000 ongoing & $200,000 one-time)	$100,000	$200,000				
Academic Pathways Initiative	Tool to develop academic pathways to direct student into required courses, improve timely degree completion, help identify cross-institution program sharing efficiencies. ($150,000 ongoing & $150,000 one-time)	$150,000	$150,000				
College & Career Development Coordinators	11.00 FTE (1.00 at each institution) to coordinate with high schools and expand career/ college counseling at the high school level.	$1,300,000					
Common Course Catalog	1.50 FTE to develop and maintain systemwide general education program catalog to assist with transferability, cross-institution program/instructor sharing, and creation of online academic pathways ($500,000 ongoing & $300,000 one-time)	$500,000	$300,000				
Education/Workforce Development Dashboard	Searchable, mobile-friendly educational & workforce dashboard to identify high-demand job and related NDUS academic/technical programs ($50,000 ongoing & $100,000 one-time)	$50,000	$100,000				

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2019-21 House Recommendation to Request – Optional Adjustments

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NDUS Optional Requests				Executive Recommendation		Engrossed HB 1003 - House Version	
	Description	Request Amount		Amount		Amount	
		Ongoing	One-Time	Ongoing	One-Time	Ongoing	One-Time
Systemwide Initiatives – SB2003 Task Force –Continued							
eProcurement System	Amazon-like marketplace tool for systemwide purchase of goods & services. Future realized cost savings may help offset upfront costs. (\$1.72 million and 1.00 FTE ongoing & \$500,000 one-time)	\$1,720,000	\$500,000				
Campus Academic, Technology & Infrastructure Needs	\$1.0 million per campus to address various academic, technology, non-capital infrastructure or other needs.		\$11,000,000				
System Governance							
Transfer Teacher Shortage Loan Forgiveness (TSLF) Program to DPI	2017 Legislative Assembly transferred TSLF program administration to DPI. Requires statutory update.	\$(2,103,393)		\$(2,103,393)		\$(2,103,393)	
Director of Academic Programs Restoration	Reinstate 1.00 FTE responsible for implementing NDUS academic policies, procedures and initiatives, including academic program approval and statewide research initiatives. Eliminated in 2015 due to budget reductions.	\$220,000					
Director of Workforce & Research Development	1.00 FTE new position to coordinate research between research universities (EPSCoR), facilitate emerging technology & other research, facilitate integration & adaption of systemwide workforce programs.	\$220,000					
Restore MHEC Membership	Permanently restore membership in Midwestern Higher Education Compact. Reinstate statutory language repealed in 2017.	\$230,000				\$230,000	
Eliminate Campus Assessment for Internal Audit & Compliance	Fund compliance office and portion of internal audit department expenses and eliminate campus assessment	\$300,000					
Financial Aid System Replacement	Update outdated, cumbersome systems to administer Scholars, ND Indian Scholarship, PSEP, STEM loan forgiveness programs (one-time)		\$600,000				

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2019-21 House Recommendation to Request – Other Initiatives

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Other Initiatives		NDUS Request Amount		Executive Recommendation			House Version		
	Description	Ongoing	One-Time	Ongoing	One-Time	Funding Source	Ongoing	One-Time	Funding Source
Online Curriculum Development Pool	Competitive grant program for institutions to develop new online programming (one-time)				$5,000,000	SIIF			
Challenge Grants	Investment requiring 2:1 private match primarily for scholarship endowments (one-time)				$40,000,000	Legacy Fund Earnings		$2,200,000	General Fund
Theodore Roosevelt Digitization Project	Digitization of Theodore Roosevelt documents at DSU (one-time)				$750,000	SIIF		$250,000	General Fund
State Needs-Based Grants	Increases the annual award from $1,950 to $2,200 per year						$2,000,000		General Fund
Capital Building Fund - Tier II	Creates campus building fund to address deferred maintenance and other capital needs. Requires 1:1 match from other campus fund or donations.							$18,648,555	$10.0 million BND Profits & $8.6 million from 1%/1% tuition increase
Capital Building Fund - Tier III	Creates campus building fund to address deferred maintenance and other capital needs. Requires 2:1 match from other campus funds or donations.							$9,000,000	$4.0 million General Fund & $5.0 million BND Profits

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2019-21 House Recommended Capital Building Fund

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Tier I Extraordinary Repairs				Tier II Capital Building Fund				Tier III Capital Building Fund			
Institution	Base Funding Formula allocated to Extraordinary Repairs (General Funds)	2 for 1 Institution Match (Special Funds)	Tier I Appropriation & Required Match	Institution Match at 1 to 1 (Special Funds)	Tuition Funds (1%/1%)	$10M BND Funds	Tier II Totals	Capital Building Fund (GF-$4M & BND $5M)	2 for 1 Match	Tier III Totals	Totals
BSC	417,673	835,346	1,253,019	839,541	413,848	425,693	1,679,083	500,000	1,000,000	1,500,000	4,432,102
DCB	114,007	228,014	342,021	178,850	72,786	106,064	357,700	500,000	1,000,000	1,500,000	2,199,721
LRSC	155,367	310,734	466,101	314,138	136,763	177,375	628,276	500,000	1,000,000	1,500,000	2,594,377
NDSCS	1,012,379	2,024,758	3,037,137	768,991	268,296	500,695	1,537,982	500,000	1,000,000	1,500,000	6,075,119
WSC	197,801	395,602	593,403	217,906	79,959	137,947	435,812	500,000	1,000,000	1,500,000	2,529,215
DSU	409,078	818,156	1,227,234	478,821	209,959	268,862	957,641	500,000	1,000,000	1,500,000	3,684,875
MASU	358,992	717,984	1,076,976	416,916	176,887	240,029	833,833	500,000	1,000,000	1,500,000	3,410,809
MISU	899,620	1,799,240	2,698,860	1,021,414	448,613	572,801	2,042,828	500,000	1,000,000	1,500,000	6,241,688
VCSU	408,319	816,638	1,224,957	514,343	205,206	309,137	1,028,685	500,000	1,000,000	1,500,000	3,753,642
NDSU	2,732,244	5,464,488	8,196,732	6,200,906	3,301,310	2,899,596	12,401,811	2,250,000	4,500,000	6,750,000	27,348,543
UND	4,411,566	8,823,132	13,234,698	7,696,730	3,334,928	4,361,802	15,393,459	2,250,000	4,500,000	6,750,000	35,378,157
TOTAL	11,117,046	22,234,092	33,351,138	18,648,555	8,648,555	10,000,000	37,297,110	9,000,000	18,000,000	27,000,000	97,648,248

Institution Capital Funding Options
State General Funds
North Dakota Building Authority Bonds - State of ND has $213 million of available bonding capacity.
Revenue bonds for housing, dining, student union and other facilities or projects.
Proposed Senate Bill 2297 - ND Building Authority Bonds of $151,700,000- NDSU- Dunbar Hall $51,200,000; VCSU Communications & Fine Arts Center $32,000,000; NDSU Agriculture products development center and NCI project $64,000,000; DSU Pulver Hall project $4,500,000.
Proposed Senate Bill 2275 -Establishes a essential infrastructure revolving loan fund. Institutions may borrow through Bank of North Dakota up to $25,000,000, maximum term is 30 years with an interest rate not to exceed 2% for Infrastructure projects(sewer & water lines, storm water infrastructure including curb and gutter construction and road infrastructure. $500,000,000 in bonding authority is available to finance the essential infrastructure revolving loan fund for up to 20 years.
Private gifts and donations through institution foundations.

State Funds	$30,117,046
1%/1% Tuition	8,648,555
Institution Match	58,882,647
Total	$97,648,248

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2019-21 House Recommendation to Request – General Fund Capital Projects

2019-21 NDUS Capital Projects State General Fund (GF) Project Requests				Executive Recommendation	House Recommendation
SBHE Rank	Institution	Project Title	Request		
1	VCSU	Fine Arts Building **(SB2297)**	$ 32,275,887	$0	$0
2	NDSU	Dunbar Hall **(SB2297)**	51,350,000	0	0
3	VCSU	Life Safety Projects	2,529,323	0	0
4	BSC	Card Access System	500,000	0	0
5	MiSU	Dome Wellness Emergency Generators	1,130,335	0	0
6	MiSU	Student Center Emergency Generators	690,000	0	0
7	DCB	Nelson Science Center PH 2	1,177,758	0	0
8	DCB	Back-up Boiler	437,492	0	0
9	MaSU	Deferred Maintenance/Life Safety	400,000	0	0
10	NDSCS	Hektner Student Center Improvements	6,708,000	0	0
		Total General Fund	**$ 97,198,795**	**$0**	$0

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2019-21 House Recommendation to Request – Special Fund Capital Projects

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Non-General Fund Projects (Unranked)				Executive Recommendation	Funding Source	House Recommendation	Funding Source
Institution	Project Title	Request	Funding Source				
NDSU	Dunbar	$ -		$51,350,000	50% Private Donations & 50% SIIF		
VCSU	McCarthy Hall	-		3,900,000	$1M Private Donations & $2.9M SIIF		
NDSCS	Fargo Expansion	30,000,000	Private Donations	30,000,000			
NDSU	Barry Hall Renovation	3,000,000	Private Donations	3,000,000		$ 3,000,000	Private Donations
NDSU	Indoor Practice Facility	37,200,000	Private Donations	37,200,000		37,200,000	Private Donations
NDSU	Softball Facility	2,000,000	Private Donations	2,000,000		2,000,000	Private Donations
NDSU	University Village PH 2	37,600,000	Revenue Bonds	37,600,000		37,600,000	Revenue Bonds
UND	Athletics High Performance Center	35,000,000	Private Donations & Property Sales	35,000,000		35,000,000	Private Donations & Property Sales
UND	Memorial Union	80,000,000	Revenue Bonds	80,000,000		80,000,000	Revenue Bonds
UND	Gallery Apts - Approval to sell						
UND	1225 Stanford Road - Approval to sell						
DCB	New Dining Facility	2,500,000	Revenue Bonds	2,500,000			
LRSC	Precision Agriculture Bldg.					3,000,000	Capital Building Fund
	Total Non-General Fund	**$227,300,000**		**$282,550,000**		**$197,800,000**	

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Other Items for Consideration

- **Sections 5, 6 & 7:** Ensure facility space limitations do not inhibit institutions' ability to respond to workforce & industry needs
- **Section 23:** Remove tuition increase caps or add differentiated tuition to exception list

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Required Reporting

SB2003 Section 3 One Time Funding:
Capital Projects
Education Challenge Fund (Sec. 4 & 5)
Institution operating distributions (Sec. 3)
Two-year campus study(Sec. 35)
Midwest higher education compact(Sec. 17)
Theodore Roosevelt Presidential Library(Sec. 24)
Dickinson State University operations and debt repayment(Sec.18,25)
HB1015 Section 3 One Time Funding – TR Presidential Library digitization
SB2003 Section 12 Carryover funds
SB2003 Section 20 Transfer authority–transfers from operations to capital assets
SB2003 Section 28 Extraordinary repairs funding – Matching funds
SB2003 Section 36 Study of Nursing programs
SB2244 Section 2 Dual-Credit Pilot program
SB2003 Section 27 Tuition Rate Increase Limitations

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Most Recent Audit Findings

Audit: NDUS Financial Statements
For the year ended June 30, 2017

Report Date: November 30, 2017

Recommendation:

We recommend the NDUS ensure operating agreements exist for all affiliated organizations, operating agreements are reviewed annually, updated in a timely manner, and the agreements are filed with the proper personnel.

University System Response/Planned Corrective Actions:

Agree. SBHE Policy 340.2 was revised effective July 1, 2017. The approved changes enhance oversight of foundations and related operating agreements. The new policy was shared with all foundations and affiliated organizations. The NDUS System Office has developed a monitoring process and is working with the institutions to develop practices that ensure operating agreements exist and comply with SBHE policy

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External Testimony

- Jared Melville, President, North Dakota Student Association
- Birgit Pruess, Faculty Representative, State Board of Higher Education
- ND Council of College Faculties
- Jim Stoddard, ND Veterans Educational Training Program

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Birgit Pruess, Ph.D.
3002 10th Str. N
Fargo, ND 58102

January 09, 2019

66th Legislative Assembly
North Dakota Legislative Branch

To the house representatives and senators of the 66th Legislative Assembly,

I am the faculty advisor of the State Board of Higher Education and charged with representing the faculty to the SBHE and others. In that role, I have toured the State of North Dakota and met with faculty at our 11 campuses to give them the opportunity to express their concerns. I have briefly summarized the major concerns:

1) Faculty compensation: faculty have not received a raise in several years and living expenses have increased during that time. I am highly supportive of the 4% raises that the SBHE has proposed for each of the two years.

2) Benefits package: there is growing concern about where our health insurance is headed. When faculty were switched from Blue Cross Blue Shield, we were initially grandfathered in. However, since these initial two years are up, co-pays have increased. Now, there are suggestions on the table to increase either the co-pays further or make faculty pay a portion of their membership fee themselves. This discussion takes place before we even know whether we will get a raise.

3) Base funding: the system has lost some 700 faculty thanks to the latest budget cut. At the two- and four- year colleges this has led to an increase in teaching load. At the research universities, many faculty have left. This diminishes the research abilities of the remaining faculty, because collaborative opportunities are suddenly no longer available. In addition, support personnel has been reduced, which further enhances the perception of a decreased ability to do research. The system can't afford any further cuts to their base funding and/or their number of employees.

I appreciate all the hard work and the many hours that our legislators invest into the Higher Ed budget. In the interest of our students, employees, tax payers, and future employers of our graduates, I hope you consider funding of our 11 campuses at the level that is proposed by the SBHE.

Sincerely and respectfully

B. Pruess

Birgit Pruess, Ph.D.
SBHE, Faculty Advisor

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North Dakota Council of College Faculties

Legislative Priorities for the 66th North Dakota Legislative Assembly

The Council of College Faculty fosters quality in scholarly activities, teaching and learning, and considers all issues and conditions of employment which apply to the faculty at all campuses of the system. The Council membership consist of faculty representatives from each campus. The Council unanimously approved the following priorities.

Salary Increase

The Council supports the State Board of Higher Education's recommendation of a 4% salary increase in both years of the biennium.

Faculty did not receive a pay increase during either of the past two years, while the cost of living increased about 4%. In addition to being a financial hardship, it is affecting faculty morale. Furthermore, faculty have an increased work load as a result of a reduction in faculty due to previous budget cuts.

Oppose Further Cuts to Funding

The Council supports the State Board of Higher Education needs-based budget request for the 2019-21 biennium that is at a "hold even" level from the previous biennium.

As a result of budget cuts last session, nearly 700 positions were eliminated across the university system. Quality is being affected both in the ability to provide an appropriate education for students and to conduct research to benefit the state. Funding is needed to provide new programs to students in evolving areas.

Maintain the Current Benefits Package

The Council supports maintaining the current benefits package for faculty.

The benefits are a valued part of compensation. Requiring faculty to pay a portion of health insurance, for example, is a reduction in compensation.

Debora Dragseth, President
Birgit Pruess, SBHE Faculty Advisor
Kenneth Hellevang, Legislative Sub-Committee

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TALKING PAPER ON
NORTH DAKOTA VETERANS EDUCATIONAL TRAINING PROGRAM
(UPDATE FOR ND SBHE AND ND DVA PRIOR TO THE 2019 NORTH DAKOTA LEGISLATIVE SESSION)

First, a few different **statistics on veterans the program has served** (as of Sept 2018):

- Since inception in FY14, 168 veterans have formally used VET college preparation services, with a much larger number not formally entering the program being counseled or advised regarding education options.
    - Of those 168, approx. 65 (39%) have completed or are still actively working on a 2-year, 4-year, or advanced degree.
    - 47 of 168 (28%) began college but did not complete a degree and are not currently enrolled anywhere. We feel this shows a need for stronger support programs for student veterans while enrolled in college, in addition to the VET college preparation program.
    - 59 of 168 (35%) have not yet enrolled in any college after starting VET.
- In the most recent completed budget cycle (FY16/17), we started 70 new students, of which 34 (49%) have completed or are still actively working on a 2-year, 4-year, or advanced degree.
- Halfway through the current budget cycle (FY 18/19), we had started 28 new students, of which 14 (50%) have completed or are still actively working on a 2-year, 4-year, or advanced degree.

Trying to apply limited resources where we thought they would do the most good, we've **adjusted the program's efforts** a bit since the beginning of AY19 **to support student veterans that are already enrolled in school.** Mainly these new efforts have been focused on NDSU as a test-bed, with the goal of standardizing some of the most effective practices at all colleges and universities in the state. VET's site at UND has already been focused more on serving the currently enrolled military-connected student population at UND than on getting veterans into college.

- In fall semester 2018, NDSU requested academic progress reports from instructors on military-connected students, similar to what is requested of student athletes and other at-risk populations. The VET coordinator followed up on students with grade and attendance issues with supportive resource referrals. We think this is a practice that could be implemented at other schools, using the tracking tools they have available.
- The VET coordinator assisted the effort to establish a supportive student veteran organization on the NDSU campus.
- NDSU is pursuing efforts to institutionalize the US Dept of Education's "8 Keys to Veteran Success" principles, with the goal of sharing effective processes with other state schools.

VET's budget was reduced in the 2018/19 budget cycle, and we weren't able to add additional satellite service sites as hoped. We reduced staff from 2 FTE employees to 1.5. Despite this, we tried to maintain capability to **provide college prep service to veterans outside of the Grand Forks and Fargo areas:**

- We revitalized our online tutoring services
    - In spring/summer 2017, we temporarily hired a curriculum developer to create a user-friendly interface for tutoring online students.

Updated 31 Dec 18 by Jim Stoddard, Project Coordinator
James.stoddard@ndsu.edu, (701) 231-9706

  - From fall 2017 through spring 2018, we had a graduate assistant dedicated to outreach and tutoring to online students. Currently, this is performed by an undergraduate student tutor.
    - Our GA conducted a few different recruiting campaigns, contacting Admissions officials and School Certifying Officials at all ND colleges and universities to make them aware of this service, and inviting them to refer any students who could benefit to us.
- In fall 2017, the VET coordinator presented information about the online tutoring capability at the statewide CVSO training conference in Fargo to ensure awareness that the service is available statewide.
- In spring 2018, we had the University System office send out an e-mail to all applicants that had indicated veteran status on their common application to let them know about VET college preparation services through the online platform in advance of them starting school.

Please feel free to contact me with any questions, and thank you for your continued advocacy and support.

Jim Stoddard
Project Coordinator, Veterans Educational Training
Student Success Programs
NORTH DAKOTA STATE UNIVERSITY
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North Dakota University System

Senate Appropriations Committee
2017-2019 Required Reporting
March 18, 2019

NORTH DAKOTA
UNIVERSITY SYSTEM

ACCESS. INNOVATION. EXCELLENCE.

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2017-19 SB2003 Section 3; SB2196 Section 2 & SB2242 Section 1 - One Time Funding

NORTH DAKOTA UNIVERSITY SYSTEM

2017-19 MAJOR CAPITAL PROJECTS (Legislative Appropriation SB's 2003, 2196 & 2242)

Campus	Project	General Fund	Revenue Bonding	Other Funds	Total Bonding & Other Funds	Expenditures Through 12-31-2018	Estimated Unexpended balance at 6-30-19	Amount of balance at 6-30-19 Obligated	Project Completion Date
2017-19 Legislative Appropriation (SB 2003)									
UND	Chester Fritz Library Renovation	$ -	$ -	$ 21,000,000	$ 21,000,000	$ 355,593	$ 19,000,000	$ 6,644,407	5/31/20
UND	Gamble Hall (College of Business) Renovation & Addition	-	-	70,000,000	70,000,000	-	70,000,000	-	TBD
NDSU	New residence hall	-	39,505,000	-	39,505,000	28,578,598	1,926,402	-	6/30/19
NDSU	Accreditation Project-Sudro Hall Addition/Renovation	-	-	28,000,000	28,000,000	5,700,712	17,499,288	17,499,288	12/31/19
NDSU	University Village Replacement - Phase I	-	10,000,000	-	10,000,000	9,291,213	208,787	-	6/30/19
	Campus Total (SB 2003)	$ -	$ 49,505,000	$ 119,000,000	$ 168,505,000				
2017-19 Legislative Appropriation (SB 2196)									
VCSU	Carbon Capture Building	$ -	$ 22,500,000	$ -	$ 22,500,000	$ 12,925	$ 22,420,000	$ -	6/30/21
2017-19 Legislative Appropriation (SB 2242)									
MiSU	Gordon B. Olson Library Art Center Project	$ -	$ -	$ 1,400,000	$ 1,400,000	$ 1,218,588	$ 181,412	$ -	6/30/18
MiSU	Herb Parker Stadium Air-Supported Seasonal Dome Project	-	-	634,000	634,000	618,140	15,860	-	12/31/17
MiSU	Facilities Building Parking Lot Paving and Project Completion	-	-	250,000	250,000	70,171	179,829	-	6/30/17
	MiSU Total (SB 2242)	$ -	$ -	$ 2,284,000	$ 2,284,000				

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NORTH DAKOTA
UNIVERSITY SYSTEM
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2017-19 SB2003 Section 4 & 5 - One Time Funding

North Dakota University System - Challenge Grant Summary

Row Labels	Total Available Per SB2003	Expenditures (as of 12/31/18)	Remaining Available Campus Specific Grant Award
BSC	$ 200,000	$ 200,000	$ -
DCB	$ 200,000	$ 25,000	$ 175,000
MaSU	$ 200,000	$ 200,000	$ -
MiSU	$ 200,000	$ 200,000	$ -
NDSU	$ 200,000	$ 200,000	$ -
UND	$ 200,000	$ 200,000	$ -
NDSCS	$ 200,000	$ 200,000	$ -
LRSC	$ 200,000	$ 101,870	$ 98,130
VCSU	$ 200,000	$ 200,000	$ -
WSC	$ 200,000	$ 190,000	$ 10,000
Grand Total	$ 2,000,000	$ 1,716,870	$ 283,130

The Challenge Grant committee is meeting January 2019. All 2017-19 funds are anticipated to be expended by June 30, 2019.

2017-19 SB2003 Section 3 – One Time Funding

Institution operating distributions - $2,000,000

This distribution to the institutions was used for general operating expenses.

Institution	Operations Distribution
BSC	$ 124,374
LRSC	50,957
WSC	34,844
UND	763,665
NDSU	535,193
NDSCS	152,087
MaSU	56,913
MiSU	165,777
VCSU	86,596
DCB	29,594
Total	$ 2,000,000

2017-19 SB2003 Section 3 & 35 -One Time Funding

Two-year campus study - $40,000

In Senate Bill 2003, the 65th Legislative Assembly established a study to address five key areas, primarily for community colleges in the state. At its June strategic planning retreat, the SBHE expanded the study to include the entire university system. The areas include shared administration; shared services, including a common course catalog; articulation agreements that link elementary, secondary, career and technical education to postsecondary certificates and associates degrees; centralized processing, and centralized services.

The SBHE engaged Dakota Ed Consulting to establish a plan to carry out the requirements of SB2003, to work with the board and staff to establish a work process, and to assist and provide counsel to system task forces who were structured to address the individual directives of the legislation.

The final report identified multiple areas where process improvements, consolidation, or streamlining could occur. Several of these have already been addressed or are in progress, including:

- Consolidation of payroll processing to hub campuses
- Creation of a webpage to promote ND job needs, in cooperation with ITD, K-12 and ND Job Service
- Provide DPI with feedback on new mathematics standards
- Consolidated financial statement preparation, accounting manual and chart of accounts
- Consolidated technology services

Further consideration will be given to other recommendations, such as:

- Shared services for Title IX compliance, mental health services and international student management
- Expand sharing of library and IT services
- Creation of a common student advising document
- Develop career pathways and dashboards for high-demand jobs

Additionally, $5.11 million and was requested by the SBHE to implement the following report recommendations:

- $300,000($200,000 one time funds) Common enrollment management system.
- $300,000($150,000 one time funds) Academic pathways initiative.
- $800,000($300,000 one time funds; 1 FTE) Common course catalogue – licensing and maintenance.
- $150,000($100,000 one time funds) Education/Workforce dashboard development and maintenance.
- $2.22 million($500,000 one time funds; 1 FTE) Systemwide eProcurement licensing and maintenance.
- $1.34 million for 11 College and career development coordinators.

2017-19 SB2003 Section 3 & 17 – One Time Funding

Midwestern higher education compact dues - $230,000

Funding was used to pay annual dues of $115,000 per year. NDUSO requested the $230,000 be included in the base 2019-21 appropriation. The Executive Recommendation did not include the $230,000.

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2017-19 SB2003 Section 24 – One Time Funding

Theodore Roosevelt Presidential Library
Expenses for 2017-19 Biennium

As of December 31, 2018

	Operations	Capital Construction	Total
Total Appropriation	$ 750,000	$11,250,000	$12,000,000
2015-17 Expenditures	-	(644,705)	(644,705)
2017-19 Expenditures -Operations and Capital	(651,600)	(893,750)	(1,545,350)
Total Expenditures	**$ (651,600)**	**$ (1,538,455)**	**$ (2,190,055)**
Remaining Unspent Balance	$ 98,400	$ 9,711,545	$ 9,809,945
Turn Back to General Fund	**$ 98,400**	**$ 9,711,545**	**$ 9,809,945**

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2017-19 SB2003 Sections 18 & 25; HB1015 Section 7 - One Time Funding

Dickinson State University – Operations and debt repayment

	Actual Fiscal Year 2018	As of 12/13/18 Fiscal Year 2019	Projected Fiscal Year 2019	Total 2017-19 Biennium
Appropriation (SB2003)	$ 8,665,044	$ 5,048,796	$10,557,268	$19,222,312
96% minumim amount payable (SB2003)	2,309,626	-	-	2,309,626
DSU challenge grant carryover (SB2003)	949,742	-	-	949,742
DSU operations (HB1015)	875,000	-	-	875,000
Reserves (SB2003)	-	-	2,000,000	2,000,000
land/interest income	137,992	-	-	137,992
Tuition (4.0% increase) 5% increase in headcount	7,255,180	6,028,729	7,100,000	14,355,180
Total Revenues	**$20,192,584**	**$ 18,783,999**	**$19,657,268**	**$39,849,852**
Salaries and fringe benefits	$15,877,521	$ 5,954,163	$16,145,799	$32,023,320
Operating	3,694,817	1,316,846	4,128,456	7,823,273
Total Expenses	**$19,572,338**	**$ 7,271,009**	**$20,274,255**	**$39,846,593**
Net Income (Loss)	**$ 620,246**	**$ 11,512,990**	**$ (616,987)**	**$ 3,259**
Biesiot Activities Center - Debt repayment (SB2003)				
Debt Payments made 7-7-2017	**$ 3,100,000**			

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North Dakota University System
2017-19 HB1015 Section 3 - One Time Funding
Theodore Roosevelt Presidential Library - Digitization
Expenses for 2017-19 Biennium
As of December 13, 2018

2017-19 appropriation	$	500,000
Expended to date (detail below)		(291,584)
Balance remaining	$	208,416
Projected expenditures to June 30, 2019	$	208,416

	2017-19 Expenditures	% of Total
Salaries & Benefits[1]	$ 238,679	82%
Travel[2]	4,948	2%
Equipment/Software	-	0%
Supplies/Printing/Copying	6,389	2%
Professional Development	940	0%
Professional Services[3]	40,627	14%
Totals	**$ 291,584**	

[1]82% of the budget has been expended on highly-qualified staff-3.25 FTE.
- Primary Consult Theodore Roosevelt Center
- Project Manager Theodore Roosevelt Center/CFO TRPLF
- Theodore Roosevelt Center Volunteer/Outreach Coordinator
- Theodore Roosevelt Center Digital Library Coordinator/Archivist

[2]Travel includes both professional development and research trips to prospective digital library partners.

[3]Professional services include website development and maintenance, digital library storage, and digitization.

Statistics:
- 8 new digital library partnerships formed
- 7,815 additional items published in digital library
- More than 7,000 items moved forward in publishing queue
- 157 reference requests answered
- Nearly 250,000 unique users visited the website
- More than 750,000 page views

2017-19 SB1003 Section 12 Carryover Appropriations

2015-17 Carryover to 2017-19

Campus	Carryover Category	Type of Carryover	Type of Fund	Total Carryover To 2017-19	Expenditures thru 11-30-2018	Total Final or Estimated Cost	Estimated Unexpended Balance of Carryover at 6-30-2019	Project Completion or Estimated Completion Date	Explanation of How Funds were Spent
BSC	Extraordinary Repairs	Regular	General Fund	29	0	29	0	1/31/2018	Miscellaneous projects
DCB	Deferred Maintenance	Regular	General Fund	10,212	0	10,212	0	6/30/2019	Various projects including matching fund requirements: electrical, heat, chiller and software updates/improvements, steam tunnel study, classroom and bathroom updates
DCB	Extraordinary Repairs	Regular	General Fund	117,916	64,985	117,916	0	6/30/2019	Misc E/R repair
		Regular	Other Funds	23,341	0	78,995	0	6/30/2019	Misc E/R repair
DCB	Nelson Science Center	Regular	General Fund	28,812	23,826	23,826	4,986		Nelson Science Center Project
DCB	Security	Regular	General Fund	13,517	13,517	13,517			Cameras, locks
DSU	May Hall HVAC project	Regular	General Fund	1,259,974	1,259,974	1,402,700	0	6/30/2019	Input in HVAC system in May Hall
DSU	TR Presidential Library	Regular	General Fund	11,355,295	1,545,350	1,545,350	9,809,945	12/31/2018	Project not moving forward
DSU	Woods Hall	Regular	Other Funds	1,800,000	1,863,604	1,971,000	0	6/30/2019	Renovation of Woods Hall to improve residence halls
Forest Service	Emerald Ash Borer Project	Operating	General Fund	205,759	133,293	205,759	0	6/30/2019	Subawards to communities
Forest Service	Campus Operations	Operating	General Fund	220,088	47,748	220,088	0	6/30/2019	Supplies, repairs and equipment
LRSC	Deferred Maintenance	Regular	General Fund	452,866	356,258	463,474	0	6/30/2018	Window Replacement and Exterior Painting.
LRSC	Electrical Distribution Project	Regular	General Fund	413,345	413,315	1,399,970	0	2/23/2018	Electrical Switchgear
LRSC	Extraordinary Repairs	Regular	General Fund	1,776	1,776	113,976	0	3/23/2018	Cameras & locks
MaSU	Agassiz Hall Mechanical Renovation	Capital Projects Off System	Other Funds	724,361	736,238	736,238	0	9/1/2018	Mechanical Improvements
MaSU	Deferred Maintenance	Regular	General Fund	118,526	0	118,526	0	6/30/2019	Various repair projects
MaSU	Extraordinary Repairs	Regular	General Fund	99,740	0	99,740	0	6/30/2019	Various repair projects
MiSU	Campus Operations	Operating	General Fund	12,295	12,295	12,295	0	9/30/2017	Affordable care act funds authorized for NDSCS for FY17
MiSU	Extraordinary Repairs	Regular	General Fund	587,221	506,661	587,221	0	6/30/2019	Used for mandatory match for '15-'17 & '17-'19 ER funds
		Regular	General Fund	363,318	363,318	1,114,921	0	6/30/2019	Various projects across campus
		Regular	Other Funds	751,603	62,776	1,114,921	0	6/30/2020	Various projects across campus
MiSU	Security Pool	Regular	General Fund	278,420	278,420	278,420	0	6/30/2018	Cameras & lighting across campus
NDSCS	Campus Operations	Operating	General Fund	13,919	13,919	13,919	0	7/31/2017	Affordable care act funds authorized for NDSCS for FY17
NDSCS	Extraordinary Repairs	Regular	General Fund	320,507	318,555	320,507	0	6/30/2019	Various deferred maintenance projects & repairs (Fire Alarms, Windows/Doors, Roofs)
NDSCS	NDSCS Water/Sewer Project	Regular	General Fund	1,533,142	1,442,666		90,476	9/30/2019	Project Continuation
NDSCS	Security Pool Allocation	Regular	General Fund	75,456	75,456	75,456	0	11/30/2018	Lighting, Security/Cameras
NDSU	Accreditation Project - Sudro Hall Addition/Renovation	Capital Projects Off System	Other Funds	28,000,000	4,667,942	28,000,000	17,499,288	12/31/2019	Additon to existing Sudro Hall. Unexpended balance will be carried over.
NDSU	Burgum Hall A/C	Capital Projects Off System	Other Funds	227,733	196,274	212,101	31,459	11/17/2017	Chiller Replacement. Project complete; unexpended balance will not be carried over.
NDSU	CCAST: *$660,000 + $3,610,000 (SBHE Nov 2013; Budget Section Dec 2013)*	Capital Projects Off System	Federal Funds	904,319	134,393	3,500,074	769,926	6/30/2018	Research 2 Server Room Electrical & Cooling Project complete; unexpended balance will not be carried over.
NDSU	Churchill Hall Renovation	Capital Projects Off System	Other Funds	1,058,935	985,285	10,926,351	73,650	4/30/2018	Replacement of all finishes, piping, fixtures, HVAC, heating and electrical systems; ADA compliant elevator. Project complete; unexpended balance will not be carried over.

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2017-19 SB1003 Section 12 Carryover Appropriations

2015-17 Carryover to 2017-19

Campus	Carryover Category	Type of Carryover	Type of Fund	Total Carryover To 2017-19	Expenditures thru 11-30-2018	Total Final or Estimated Cost	Estimated Unexpended Balance of Carryover at 6-30-2019	Project Completion or Estimated Completion Date	Explanation of How Funds were Spent
NDSU	CIE 2nd Flr Finishes	Regular	General Fund	16,481	4,199	100,265	0	8/31/2017	Lab and classroom finishes; remaining project carryover was applied to other projects.
		Regular	Other Funds	32,963	0	100,265	0	8/31/2017	Lab and classroom finishes; remaining project carryover was applied to other projects.
NDSU	CIE Fire Alarm Replace	Regular	General Fund	7,219	344	48,691	0	8/15/2017	Fire alarm replacement; remaining project carryover was applied to other projects.
		Regular	Other Funds	14,438	0	48,691	0	8/15/2017	Fire alarm replacement; remaining project carryover was applied to other projects.
NDSU	Deferred Maintenance	Regular	General Fund	0	0	0	0	6/30/2018	Applied to water/street repairs project
		Regular	General Fund	93,751	93,751	163,155	0	6/30/2018	Various projects including matching fund requirements: electrical, heat, chiller and software updates/improvements, steam tunnel study, classroom and bathroom updates
		Regular	Other Funds	69,404	69,404	163,155	0	6/30/2018	Various projects including matching fund requirements: electrical, heat, chiller and software updates/improvements, steam tunnel study, classroom and bathroom updates
NDSU	Deferred Maintenance-one time pool $3.5M	Regular	General Fund	1	1	1	0	6/30/2018	Amount applied to deferred maintenance project
NDSU	Dolve Remove Roof Drain	Regular	General Fund	8,000	8,000	24,000	0	9/30/2017	Roof drain
		Regular	Other Funds	16,000	16,000	24,000	0	9/30/2017	Roof drain
NDSU	Dolve Renovation	Regular	General Fund	163,267	163,267	760,662	0	12/31/2017	Lab/classroom work; remaining project carryover was applied to other projects.
		Regular	Other Funds	326,534	217,158	760,662	0	12/31/2017	Lab/classroom work; remaining project carryover was applied to other projects.
NDSU	Elec Eng 2nd FL Hallway	Regular	General Fund	11,493	2,076	107,607	0	8/24/2017	Hallway work; remaining project carryover was applied to other projects.
		Regular	Other Funds	22,987	0	107,607	0	8/24/2017	Hallway work; remaining project carryover was applied to other projects.
NDSU	Ellig Sports Complex	Capital Projects Off System	Other Funds	364,500	326,203	326,203	38,297	3/30/2018	ADA Compliant grandstands, press box, reconfigured backstop, demo existing concession/restroom bldg; relocate irrigation pumps. Project complete; unexpended balance will not be carried over.
NDSU	Fargodome Football Locker Room	Capital Projects Off System	Other Funds	297,651	258,165	423,461	39,486	4/30/2018	Updates to locker room;new lockers. Project complete; unexpended balance will not be carried over.
NDSU	FLC Foundation Survey	Regular	General Fund	4,835	4,835	10,234	0	9/30/2017	Survey; remaining project carryover was applied to other projects.
		Regular	Other Funds	9,670	5,399	10,234	0	9/30/2017	Survey; remaining project carryover was applied to other projects.

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2017-19 SB1003 Section 12 Carryover Appropriations

2015-17 Carryover to 2017-19

Campus	Carryover Category	Type of Carryover	Type of Fund	Total Carryover To 2017-19	Expenditures thru 11-30-2018	Total Final or Estimated Cost	Estimated Unexpended Balance of Carryover at 6-30-2019	Project Completion or Estimated Completion Date	Explanation of How Funds were Spent
NDSU	FLC Storm Sewer Lift Station	Regular	General Fund	63,183	63,183	179,278	0	1/15/2018	Lift Station; remaining project carryover was applied to other projects.
		Regular	Other Funds	126,366	115,642	179,278	0	1/15/2018	Lift Station; remaining project carryover was applied to other projects.
NDSU	Heating Plant Steam Header	Regular	General Fund	8,227	0	84,686	0	6/30/2017	Heating plant steam header; remaining project carryover was applied to other projects.
		Regular	Other Funds	16,454	0	84,686	0	6/30/2017	Heating plant steam header; remaining project carryover was applied to other projects.
NDSU	Johnson Hall Bathroom	Capital Projects Off System	Other Funds	754,933	439,057	784,123	315,876	1/31/2018	Renovation of restroom - replace piping, fixtures, venting system. Project complete; unexpended balance will not be carried over.
NDSU	Johnson Hall Re-Roof	Capital Projects Off System	Other Funds	171,225	113,446	122,220	57,779	1/15/2018	Roof Replacement. Project complete; unexpended balance will not be carried over.
NDSU	Johnson Hall-west bathroom	Capital Projects Off System	Other Funds	1,200,000	829,310	829,310	370,690	10/15/2018	Repair 2nd stack of bathrooms to consist of repairing/replacing several deferred mtce issues. Project complete; unexpended balance will not be carried over.
NDSU	New Residence Hall (Katherine Cater Hall)	Capital Projects Off System	Other Funds	39,505,000	27,777,452	37,578,598	1,926,402	6/30/2019	Residence Hall. Project estimated to come in under budget; unexpended balance will not be carried over.
NDSU	NQ Parking Lot	Capital Projects Off System	Other Funds	0	0	0	0	6/30/2018	Applied to water/street repairs project
		Capital Projects Off System	Other Funds	640,000	490,000	490,000	150,000	6/30/2018	New parking lot. Project complete; unexpended balance will not be carried over.
NDSU	Parking Lots	Capital Projects Off System	Other Funds	769,401	344,976	775,575	424,425	10/31/2017	Parking Lot Repair/Replacement - Lots BU, MO, T1/L, AE. Project complete; unexpended balance will not be carried over.
NDSU	Reed Hall Elevator Upgrade	Capital Projects Off System	Other Funds	190,342	173,655	262,313	16,687	9/15/2017	Replace elevator with ADA Compliant elevator. Project complete; unexpended balance will not be carried over.
NDSU	Residence Dining Center Expansion	Capital Projects Off System	Other Funds	297,446	59,057	2,861,611	238,389	11/30/2017	Creating space on east side for addt'l 200 seats & meeting room; administrative offices and enclosed walkway. Project complete; unexpended balance will not be carried over.
NDSU	Residence Dining Center Phase II	Capital Projects Off System	Other Funds	480,370	433,198	952,827	47,172	1/18/2017	Remodel existing dining aread & addition of made/cook to order stations. Project complete; unexpended balance will not be carried forward.
NDSU	Residence Dining Center Phase III-FFE	Capital Projects Off System	Other Funds	1,150,000	1,076,042	1,076,042	73,958	1/18/2017	Vending/Food Equipment. Project complete; unexpended balance will not be carried over.
NDSU	Sanford Health Athletic Complex (BSA):*increase $5,595,644 (SBHE Nov 2013/Budget Section Dec 2013) Total authorization $41,000,000*	Capital Projects Off System	Other Funds	420,442	216,159	41,000,000	204,283	TBD	Athletic Complex; unexpended balance will carry over.
NDSU	Service Center Re-roof	Regular	General Fund	21,420	21,420	64,265	0	12/15/2017	Roofing project
		Regular	Other Funds	42,840	42,840	64,265	0	12/15/2017	Roofing project
NDSU	Softball Complex Reno Ph2	Capital Projects Off System	Other Funds	690,000	572,402	572,402	117,598	11/30/2018	New outfield fence, removing sod/installing turf; new bull pens, batting cages, various site improvements. Project complete; unexpended balance will not be carried over.
NDSU	STEM Classroom Lab - Legislative Authority	Regular	General Fund	31,154	0	29,367,709	31,154	TBD	Carryforward; Project construction complete during 2017-19 biennium, building is fully operational - Project finance completion pending contractor dispute

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2017-19 SB1003 Section 12 Carryover Appropriations

2015-17 Carryover to 2017-19

Campus	Carryover Category	Type of Carryover	Type of Fund	Total Carryover To 2017-19	Expenditures thru 11-30-2018	Total Final or Estimated Cost	Estimated Unexpended Balance of Carryover at 6-30-2019	Project Completion or Estimated Completion Date	Explanation of How Funds were Spent
NDSU	Stevens Hall Renovation (RM 2004-206)	Capital Projects Off System	Other Funds	12,083	12,083	81,827	0	11/13/2017	Updates to FFE
NDSU	Stockbridge Elevator replace	Capital Projects Off System	Other Funds	350,000	298,016	298,016	51,984	12/31/2018	Elevator replacement - bring accessiblity of elevator up to code. Project estimated to come in under budget; unexpended balance will not be carried over.
NDSU	University Village replacement-phase 1	Capital Projects Off System	Other Funds	10,000,000	9,288,260	9,791,213	208,787	6/30/2019	Demo of old complex & construction of new 82 unit apartment building. Project estimated to come in under budget; unexpended balance will not be carried over.
NDSU	Waldron Steam Vault Replace	Regular	General Fund	37,300	37,300	153,149	0	12/19/2017	Steam vault
		Regular	Other Funds	74,600	74,600	153,149	0	12/19/2017	Steam vault
NDSU	WDC Expansion	Capital Projects Off System	Other Funds	3,700,000	1,373,765	3,700,000	0	5/30/2019	Two bldg addtions - will add additional seating; new elevator; revised main entry/checkout counter; necessary mechanical & electricfal systems added/upgraded
NDUS Office	System Office 2015-17 Carryover	Operating	General Fund	592,553	291,124	592,553	0	6/30/2019	System Office projects
UND	Wilkerson Hall Dining Center-remaining project	Capital Projects Off System	Other Funds	2,241,059	188,609	300,000	1,941,059	3/31/2019	Wilkerson Commons Renovation Work
UND	Campus Security Pool	Regular	General Fund	24,162	24,162	24,162	0	6/30/2018	Campus Security Projects Including Cameras
UND	Deferred Maintenance	Regular	General Fund	2,238,969	2,238,969	2,238,969	0	10/31/2019	Major Project - Hughes Fine Arts Center Mech Code Upgrade ($339,797); Chester Fritz Library Mech Cooling Tower ($260,628); O'Kelly Hall Renovation ($450,000); Aiport Admin Curtain Wall Replacement ($866,056); Remainder - smaller repair projects
UND	Extraordinary Repairs	Regular	General Fund	2,552,463	2,275,743	2,552,463	0	4/30/2019	Major Projects - School of Medicine Tactical Renovations ($797,378); O'Kelly 3rd Floor Remodel ($300,000); O'Kelly Renovation ($906,092); Remainder Smaller Repair-Type Projects
UND	Museum of Art	Regular	General Fund	5,973	5,973	5,973	0	6/30/2018	Various Repairs Items in Museum
UND	SMHS Completion	Regular	General Fund	20,105	20,105	20,105	0	6/30/2018	School of Medicine Construction
UND	Student Engagement Projects	Capital Projects Off System	Other Funds	6,000,000	245,945	4,500,000	1,500,000	6/30/2019	Renovation of Dr. Kathleen and Hal Gershman Engagement Center (Previously J. Lloyd Stone House)
UND	UND Airport Project	Regular	General Fund	42,625	34,731	34,731	7,894	6/30/2018	Airport Runway Project
VCSU	Campus Operations	Operating	General Fund	2	2	2	0	9/30/2017	
VCSU	Hillslide Mitigation	Regular	General Fund	7,096	7,096	583,570		6/30/2018	Hillslide Mitigation Project
VCSU	Old Science Building Demo	Regular	General Fund	23,236	6,137	438,867		6/30/2019	Old Science Building Demo
VCSU	Security Pool	Regular	General Fund	2,859	2,859	66,396	0	6/30/2018	Cameras, card access, lighting
VCSU	VCSU Heat Plant	Regular	General Fund	2,235,041	2,214,145	13,931,775	0	6/30/2019	Complete construction of new heat plant
WSC	Campus Security	Regular	General Fund	1,010	0	1,010	0	6/30/2019	Miscellaneous projects
WSC	Extraordinary Repairs	Regular	General Fund	108,057	0	108,057	0	6/30/2019	Miscellaneous projects
		Regular	Other Funds	216,113	0	216,113	0	6/30/2019	Miscellaneous projects
			Total General Funds	25,802,617	14,390,754		9,944,454		
			Total Other & Federal Funds	103,693,112	53,703,352		26,097,197		
			Total Carryover All Funds	129,495,729	68,094,107		36,041,652		

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2017-19 Transfers from operations to capital assets

General Fund Operating Transfers to Capital Assets		
BSC	$ 124,374	Extraordinary Repairs Match
NDSCS	152,000	Extraordinary Repairs Match
LRSC	35,000	Extraordinary Repairs Match & capital item
VCSU	529,333	Extraordinary Repairs Match
TOTAL	$ 840,707	

2017-19 SB2003 Section 28

2017-19 Extraordinary Repairs and Match Requirement
Project Expenditures expected through June 30, 2019
As of January 31, 2019

Institution	General Fund Base			Required Match			Total General Fund Base & Required Match		
	Original Appropriation	Projects 7/1/17-6/30/19	Balance Available	Original Required Match	Projects 7/1/17-6/30/19	Balance Available	Original Appropriation & Required Match	Projects 7/1/17-6/30/19	Balance Available
BSC	$417,673	($225,278)	$192,395	$835,346	($450,556)	$384,790	$1,253,019	($675,834)	$577,185
LRSC	$155,367	($113,352)	$42,015	$310,734	($226,769)	$83,965	$466,101	($340,121)	$125,980
WSC	$197,801	$0	$197,801	$395,602	$0	$395,602	$593,403	$0	$593,403
UND	$4,411,566	($4,411,566)	$0	$8,823,132	($8,823,132)	$0	$13,234,698	($13,234,698)	$0
NDSU	$2,732,244	($2,732,244)	$0	$5,464,488	($5,464,488)	$0	$8,196,732	($8,196,732)	$0
NDSCS	$1,012,379	($430,900)	$581,479	$2,024,758	($861,800)	$1,162,958	$3,037,137	($1,292,700)	$1,744,437
DSU	$409,078	($409,078)	$0	$818,156	($818,156)	$0	$1,227,234	($1,227,234)	$0
MaSU	$358,992	($142,277)	$216,715	$717,984	($284,554)	$433,430	$1,076,976	($426,831)	$650,145
MiSU	$899,620	($899,620)	$0	$1,799,240	($1,799,240)	$0	$2,698,860	($2,698,860)	$0
VCSU	$408,319	($272,242)	$136,077	$816,638	($544,484)	$272,154	$1,224,957	($816,726)	$408,231
DCB	$114,007	($10,730)	$103,277	$228,014	($21,462)	$206,552	$342,021	($32,192)	$309,829
TOTAL	**$11,117,046**	**($9,647,287)**	**$1,469,759**	**$22,234,092**	**($19,294,640)**	**$2,939,452**	**$33,351,138**	**($28,941,928)**	**$4,409,210**

[1/] Sources of matched dollars include the following: general fund and other appropriated operating funds; reserves; local funds

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SECTION 36. STATE BOARD OF HIGHER EDUCATION STUDY OF NURSING PROGRAMS REPORT TO THE SIXTY-SIXTH LEGISLATIVE ASSEMBLY

The NDUS participated on the Governor's Nursing Shortage Task Force and supports its strategies and recommendations. Over the last two years, the Governor's Nursing Shortage Task Force met to develop a set of strategies for ensuring a healthy nursing workforce. The final report released in September 2018 included fifteen strategies. Many of these strategies have been completed or are in progress. Major legislative issues include:

- Provide continued funding for all nursing programs, faculty base salary raises and benefits that are included in North Dakota University System budget (HB 1003) to continue critical capacity to educate future nurses.
- Increase nursing education program capacity in rural areas and online through the Rural Nursing Grant Pilot Program which was included in the Governor's recommended Department of Commerce Budget as a one-time funding of $750,000 from the Strategic Investment and Improvement Fund.
- Increase the number of Masters and Doctorate prepared faculty through an increase in the budget from $100,000 to $300,000 for the ND Pilot Faculty Tuition Support Program in the Governor's recommended Department of Commerce Budget as a one-time funding from the Strategic Investment and Improvement Fund.
- Provide for increased out-of-state marketing of the nursing workforce which will be included as a priority occupation in the state marketing initiative in the Governor's recommended Department of Commerce Budget as a $3.0 million general fund appropriation.
- Amend SB 2012, the Human Services Budget to include the current Medicaid expansion to continue with the current Sanford Health Plan, increasing the inflator to 3% and restoring funding for the Nursing Facility Education Assistance program.
- Increase NDUS nursing education program salaries to national averages to compete with other states to attract and retain faculty. Support an amendment to HB #1003, the North Dakota University System Budget to increase faculty salaries to a national average at a cost of $2,070,930 across all NDUS nursing education programs.

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2017-19 SB2244 Section 2

Dual-Credit Pilot Program

In 2017, the North Dakota legislature authorized the State Board of Higher Education to establish a pilot program to offer a credit incentive to North Dakota instructors teaching dual credit courses in core subject areas at North Dakota public, tribal, or private high schools. (N.D.C.C. 15-10-61). An instructor who participates in the program is entitled to receive a credit-for-credit voucher for high school classes with four or more students receiving dual credit for that course. The voucher may be used towards graduate level classes at a public or private post-secondary institution in the state. For example, a high school instructor who taught two three-semester hour dual credit courses with four or more students in the past academic school year is eligible for a voucher for six semester hours of graduate credit.

The statute permits instructors who have met instructional requirements of the Higher Learning Commission (HLC) to transfer voucher credits to a family member or a student in his/her class. Vouchers used by instructor or designees can be used for graduate or undergraduate courses at postsecondary institutions within North Dakota. Priority funding will be awarded to instructors utilizing the vouchers to take additional graduate credit to meet HLC instructional requirements. Excess funds will be awarded to individuals designated by dual credit instructors.

The voucher credit can be used to cover the cost of tuition, not to exceed $328.58 per undergraduate credit or $360.21 per graduate credit, at any of the public, tribal, or private colleges or universities in North Dakota. Voucher credits earned from the 2017-2018 school year can only be applied to tuition expenses during the 2018-2019 school year. This applies to dual credit instructors and designated family members or others utilizing the earned vouchers.

An appropriation of $200,000 was provided for this program, expenditures through November 30, 2018 are $148,003. All of the appropriation is anticipated to be spent by June 30, 2019.

2017-19 SB2003 Section 27

Tuition Rate Increase Limitations

Resident Undergraduate Tuition (Academic Year)				
Institution	Maximum Legislatively Authorized Tuition Increase		Actual Tuition Increase	
	2017-18	2018-19	2017-18	2018-19
BSC *	4.00%	4.00%	4.00%	5.24%
LRSC	4.00%	4.00%	4.00%	4.00%
WSC	4.00%	4.00%	4.00%	4.00%
NDSCS	4.00%	4.00%	4.00%	4.00%
DCB	4.00%	4.00%	4.00%	4.00%
DSU	4.00%	4.00%	4.00%	4.00%
MaSU	4.00%	4.00%	4.00%	4.00%
MiSU	4.00%	4.00%	4.00%	4.00%
VCSU	4.00%	4.00%	4.00%	4.00%
UND	4.00%	4.00%	4.00%	4.00%
NDSU *	4.00%	4.00%	4.00%	10.50%

*Note: The Tuition increases above 4% are allowed by SB2003 section 27, paragraph 6 as they relate to the new tuition model. BSC and NDSU's New Tuition Model integrates online tuition, program fees and most course fees into the tuition rates. BSC established four tuition bands and eliminated 10 program fees of $500 to $1,200, and more than 100 course fees of $10 to $300. NDSU eliminated $668,029 of course fees in 50 undergraduate courses and $280,495 of undergraduate program fees in 6 programs. In addition, the cap at NDSU is raised from 12 to 13 credits. All other institutions will implement the new tuition model in the 2019-20 academic year.

Non-resident Undergraduate Tuition (Academic Year)		
Institution	Actual Tuition Increase (Decrease)	
	2017-18	2018-19
BSC *	4.00%	-(40.86%)
LRSC	4.00%	4.00%
WSC	4.00%	4.00%
NDSCS	4.00%	4.00%
DCB	4.00%	4.00%
DSU	4.00%	4.00%
MaSU	4.00%	4.00%
MiSU	4.00%	4.00%
VCSU	4.00%	4.00%
UND	4.00%	4.00%
NDSU *	4.00%	-(37.92%)

*NOTE: BSC's reduction in Non-Resident tuition is a result of charging U.S. Non-Residents at 150% of the Resident rate under the New Tuition Model rather than at 267% of the Resident Rate under the current model.
NDSU's reduction in Non-Resident tuition is a result of charging U.S. Non-Residents at 150% of the Resident rate under the New Tuition Model rather than at 267% of the Resident Rate under the current model. The reduction in revenue is offset by a reduction in waivers. This affects approximately 75 students.

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2017-19 SB2003 Section 27

Tuition Rate Increase Limitations

Professional Programs Tuition (Academic Year)	Resident Tuition Increase		Non-Resident Tuition Increase (Decrease)	
	2017-18	2018-19	2017-18	2018-19
UND School of Medicine	4.00%	4.00%	4.00%	4.00%
UND School of Law	9.00%	9.00%	9.00%	9.00%
NDSU School of Pharmacy	5.00%	8.00%	5.00%	-(39.33%)
NDSU School of Pharmacy - MN			7.50%	8.04%
Graduate Programs (Academic Year)				
UND - Physician Assistant (flat rate per semester)	4.00%	4.00%	4.00%	4.00%
UND - Physical Therapy	4.00%	4.00%	4.00%	4.00%
UND - Occupational Therapy	4.00%	4.00%	4.00%	4.00%
NDSU - Architecture	4.00%	15.28%	4.00%	-(35.24%)
DSU	4.00%	4.00%	4.00%	4.00%
MaSU	4.00%	4.00%	4.00%	4.00%
MiSU	4.00%	4.00%	4.00%	4.00%
NDSU - Basic	4.00%	11.92%	4.00%	-(37.12%)
NDSU - Engineering	4.00%	12.49%	4.00%	-(36.81%)
NDSU - Nursing	4.00%	6.63%	4.00%	-(40.10%)
NDSU - MBA & Certificates		New		New
NDSU - Public Health	4.00%	6.96%	4.00%	6.96%
UND - Basic	7.00%	7.00%	7.00%	7.00%
UND Medical Lab Science	7.00%	4.00%	7.00%	4.00%
UND - Public Health	4.00%	5.01%	4.00%	5.01%
VCSU	4.00%	4.00%		

*NOTE: NDSU's reduction in Non-Resident tuition is a result of charging U.S. Non-Residents at 150% of the Resident rate under the New Tuition Model rather than at 267% of the Resident Rate under the current model. The reduction in revenue is offset by a reduction in waivers. Architecture tuition will be capped at 13 credits. All other NDSU graduate tuition will be billed per-credit with no tuition cap.

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North Dakota Student Association

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Testimony for **House Bill 1003**
Prepared by Jared M. Melville, President
Monday, March 18, 2019

Chairman Holmberg, members of the Senate Appropriations Committee, for the record my name is Jared Melville and I serve as the President of the North Dakota Student Association, a statewide organization that represents the voice of North Dakota's 45,000 public college and university students. Today I am here to provide testimony for House Bill 1003.

The Student Association has dedicated substantial time since September identifying its three legislative funding priorities. Our discussions included input from students across all 11 campuses in the North Dakota University System. Today, we stand unified in our support for sustainable funding for the University System, funding for open educational resources, and the North Dakota challenge fund grant program. I will explain each of these items in greater detail.

The first of our priorities is continued, sustainable funding for the University System and its 11 campuses.

The state of North Dakota navigated challenging budget cuts during the last legislative session. While cuts affect almost all areas in public funding, the 17-percent cuts sustained by higher education were particularly perverse. Over 700 full-time employee positions were eliminated. Although the State Board of Higher Education has accepted the budget cuts as the new normal, the University System and its ability to provide a quality education has suffered in the eyes of many of our students. Let me share with you how some of our students were impacted.

One student from North Dakota State University shared with me that at one point she was double majoring in English and Women and Gender Studies with the expectation of graduating in four years, but due to budget cuts, she is now required to add extra semesters to fulfill the requirements for both majors. This was due to a loss of faculty, which in turn led to courses being offered less frequently. She tells me the English Department has worked to mitigate the effects of budget cuts, but additional cuts would amplify the pressure on its remaining professors, increase responsibilities for stressed graduate students, and negatively impact the ability for students to graduate on time.

This story is not an isolated case. Similar events have occurred for other students in other academic programs at other institutions. Campuses have already worked extensively to mitigate the impact of cuts. Still, the challenges persist and the quality of education for some was adversely affected. Additional funding shortfalls to the University System would exacerbate these challenges and make North Dakota a less attractive place to receive an education.

The General Assembly of the North Dakota Student Association, which consists of students from across the state, met at Bismarck State College in January. After discussion, we approved a resolution endorsing the State Board of Higher Education's needs-based budget, which includes the request for four-percent pay raises each year in the upcoming biennium for our faculty and staff. The University System is in a global competition for talent. Some of our best professors continue to be poached by other universities and the private sector, complicating the ability for our campuses to provide a quality education for our students.

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North Dakota Student Association

Testimony for **House Bill 1003**
Prepared by Jared M. Melville, President
Monday, March 18, 2019

While students are thankful to the House of Representatives for already approving the two-percent raises, we do ask for more, because we believe they are worth more and we want to keep them right here in the state of North Dakota.

The Student Association's second priority is continued funding for open educational resources. Open educational resources, also known as OERs or open access textbooks, are learning materials that are accessible on the Internet at little or no cost to students. They were created in response to the rising prices of traditional textbooks and college tuition.

A June 2013 report to Congress from the U.S. Government Accountability Office concluded that the amount of money students pay for textbooks has increased 82-percent between 2002 and 2012.

I have asked a lot of students over the years how much money each semester they spend on textbooks. Answers vary based on the institution, academic program, and year of study. Most spend between $200 and $400. If you are not lucky you could spend $700. One student from Dickinson State University told me she spent $2000 during one year on textbooks in the nursing program. While experiences like this are uncommon, it stands to highlight that excessive textbook prices place a heavy financial burden on students, forcing them in the most extreme cases to choose between paying for food or textbooks.

Students who cannot access required course materials will be placed at an academic disadvantage. Most courses rely on a textbook to supplement material taught in the classroom. It is truly a shame when students cannot afford course materials, because for many subjects there already exists an equivalent open educational resource that costs a fraction of the price of a traditional textbook.

The Student Association has been collaborating with the University System for years to expand the presence of OERs in the classroom. The Office of the State Auditor published a report late last year confirming that since 2014, the University System's OER initiative has impacted nearly 15,000 students across 648 courses. The incredible impact is that students collectively have saved $1.1 to $2.4 million on textbooks.

Our conclusion is that pragmatic solutions exist to make higher education more affordable for students. Investing in OERs will reduce debt in the long run and create an environment where every student has the opportunity to excel in their academic pursuits.

Here is what you can do to support our vision of a future with less expensive textbooks.

First, the Student Association requests this committee to appropriate $150,000 for a new line item in House Bill 1003 called "Open Educational Resources." During the last session, the legislature provided about $100,000 for OERs through the Shared Campus Services line item. A modest increase in funding will keep the momentum growing for a program that has already saved our students millions of dollars. Creating a dedicated space in the budget for OERs signals North Dakota's leadership in this innovative technology that has been successfully used by all 11 institutions in the state.

NORTH DAKOTA STUDENT ASSOCIATION | THE VOICE OF THE STUDENTS

North Dakota Student Association

Testimony for **House Bill 1003**
Prepared by Jared M. Melville, President
Monday, March 18, 2019

Second, the House of Representatives has already restored $230,000 to the budget for membership dues for the Midwestern Higher Education Compact (MHEC). MHEC is committed to helping its member states implement OERs. MHEC provides the University System with access to dedicated support, leadership, and expertise in OER development. Please preserve funding for MHEC.

The Student Association's third priority is continued funding for the North Dakota challenge fund grant program.

Since the legislature created the challenge funds in 2013, every public college and university in the state has benefitted from the tsunami of private dollars that have flowed into their foundations. What this means is that after three biennia, challenge funds have raised $70 million in combined educational infrastructure, endowed chairs, research, and technology for North Dakota campuses. Most importantly, they have directly supported at least $90 million for student scholarships.

One student from Bismarck State College told me that it was because of a scholarship they received that they made the decision to enroll in the University System instead of going into the National Guard. For many North Dakota natives, a scholarship supported by the challenge funds made the difference between staying in-state for education rather than leaving the state for other opportunities.

Many students shared with me that scholarships have enabled them to get engaged with their communities. Without the scholarships, they remark they would have needed to work a full-time job while being a full-time student. This means they would not have time for community service or to get involved with any of the organizations on campus. Campus organizations are where many students – me included – receive an important part of their education. Challenge funds help students gain access to invaluable learning opportunities outside the classroom.

One student from Lake Region State College remarked how the scholarship funding they received has made North Dakota a reliable place to receive a quality education. This is important. Bloomberg financial data concluded that at the end of last year, Americans collectively owe $1.5 trillion in student loan debt. The students I speak with are incredibly cognizant of the impact of debt on their future. Challenge funds reduce the burden of debt while preserving the quality of a North Dakota education.

Another student from Mayville State University shared with me that the scholarships awarded to them because of the challenge funds have removed the financial stress of tuition and were the single most important reason they can attend school. They note that without charitable donors, plenty of students would not be enrolled in college at all.

Challenge funds are currently only funded for $2.2 million. The Student Association strongly encourages you to restore appropriations for the challenge funds to a level seen in past biennia. Challenge funds are some of the best money North Dakota has ever spent on higher education, and we hope you will join us in our support for a program that has touched countless lives and has made higher education possible for many others.

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#10
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NORTH DAKOTA STUDENT ASSOCIATION

North Dakota Student Association

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Priority #1: Sustained Funding for the North Dakota University System

- No additional budget cuts to higher education.
- Four-percent pay raises for faculty and staff each year in the upcoming biennium.
- Preserve the higher education funding formula.

Priority #2: Funding for Open Educational Resources

- $150,000 for open educational resources.
- Create a dedicated space in the budget for OERs.
- Maintain the $230,000 restoration in funding for Midwestern Higher Education Compact membership dues.

Priority #3: Challenge Fund Grants

- Increase appropriations from $2.2 million to a level seen in past biennia.

Inflection Point for North Dakota

Swim

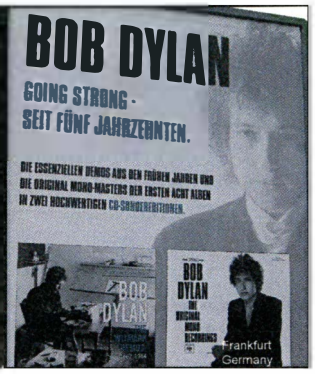
Sink

North Dakota Senate Appropriations Committee
March 18, 2019

UND UNIVERSITY OF NORTH DAKOTA
LEADERS IN ACTION

Come gather 'round people
wherever you roam
And admit that the waters
around you have grown
Then you better start swimmin'
or you'll sink like a stone
For the times they are a-changin'

- Bob Dylan



Come gather 'round people
wherever you roam
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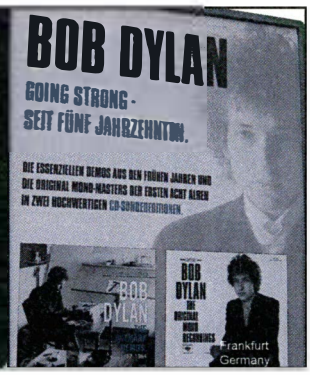
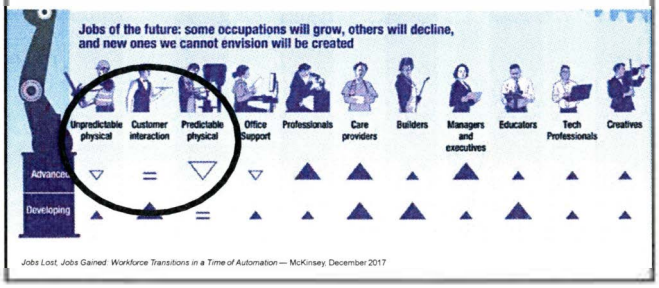
Then you better start swimmin'
or you'll sink like a stone
For the times they are a-changin'

- Bob Dylan
SSOYSLAS

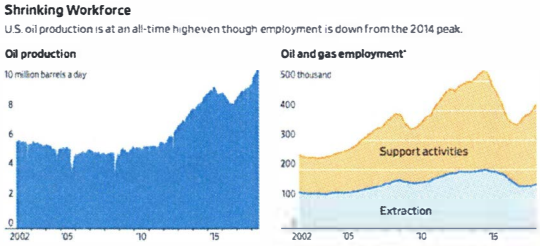


4th Industrial Revolution (4IR) is accelerating automation





Extraction employment has not risen with production



~~3/16/2019~~

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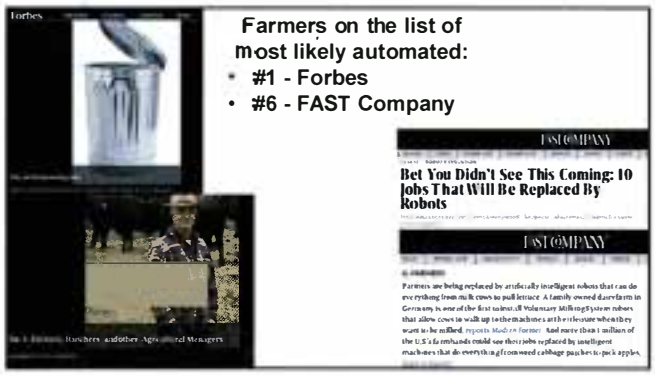
Automated control systems can send commands to underground tools… Smaller teams of technical specialists located in remote operations centers are replacing laborers on the ground, who in the past made adjustments manually.

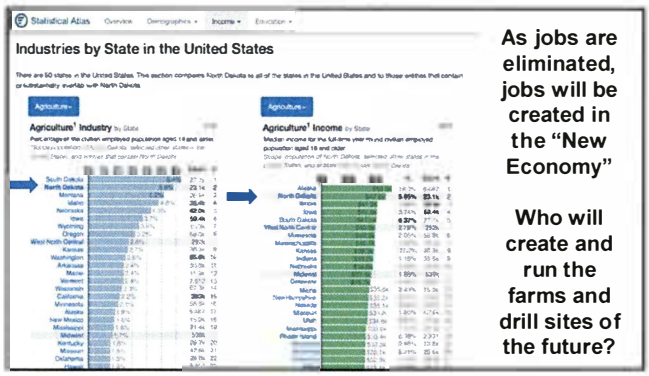


Highest return for automation is where labor costs the highest



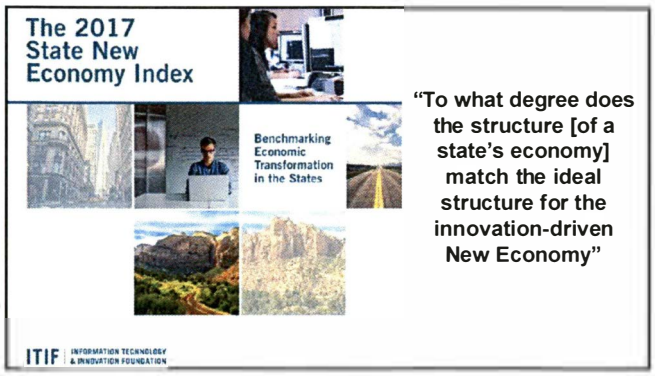
Farmers on the list of most likely automated:

- #1 - Forbes
- #6 - FAST Company

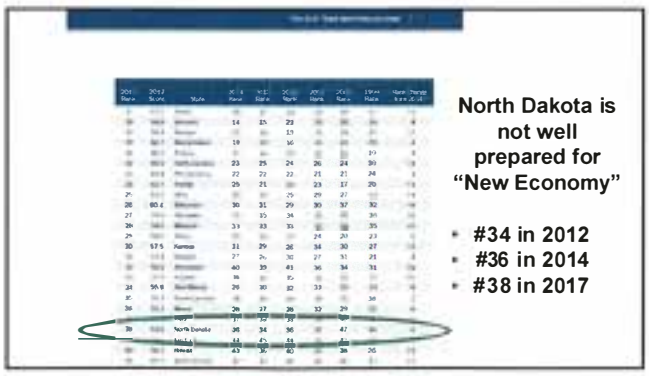


As jobs are eliminated, jobs will be created in the "New Economy"

Who will create and run the farms and drill sites of the future?



"To what degree does the structure [of a state's economy] match the ideal structure for the innovation-driven New Economy"



North Dakota is not well prepared for "New Economy"

- #34 in 2012
- #36 in 2014
- #38 in 2017

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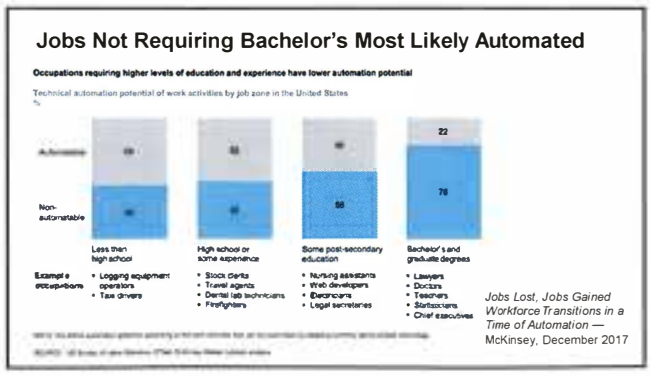
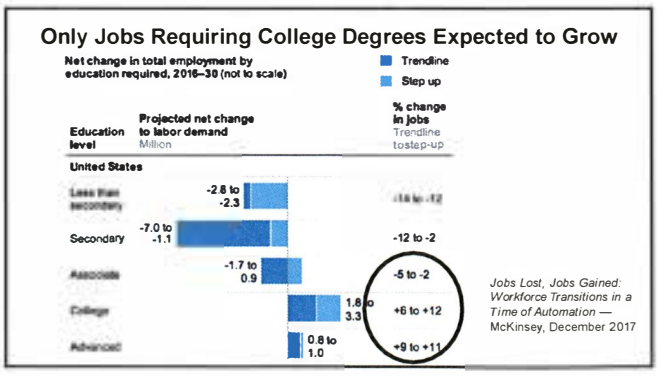
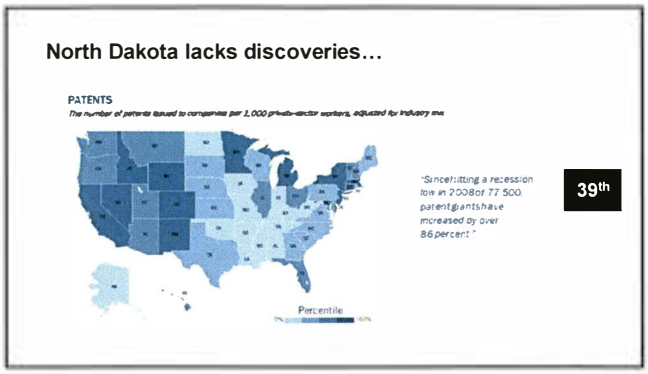
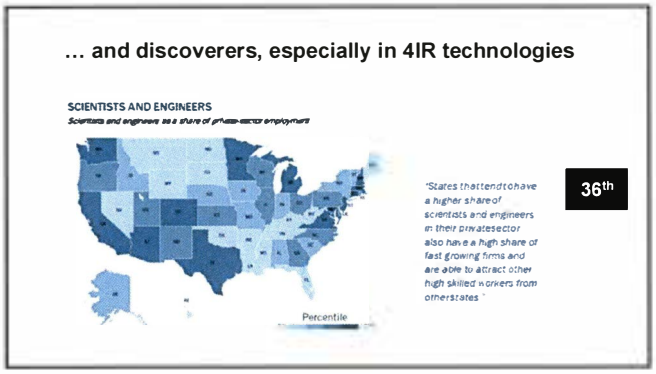
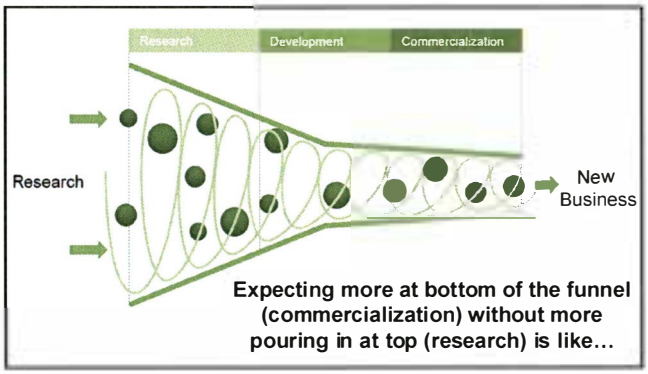





Thriving in New Economy
What North Dakota needs from UND
Talent
Discoveries and discoverers
UND NORTH DAKOTA


North Dakota lacks discoveries…
PATENTS
Percentile
39th

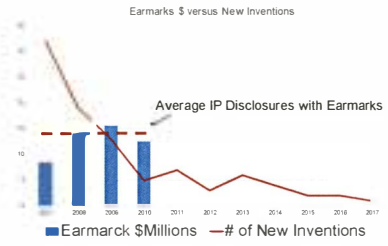

… and discoverers, especially in 4IR technologies
SCIENTISTS AND ENGINEERS
Percentile
36th


Research
Development
Commercialization
Research
New Business
Expecting more at bottom of the funnel (commercialization) without more pouring in at top (research) is like…


…wanting to harvest…


…without planting

Significant Reduction in New EERC Invention



EERC | UND UNIVERSITY OF NORTH DAKOTA

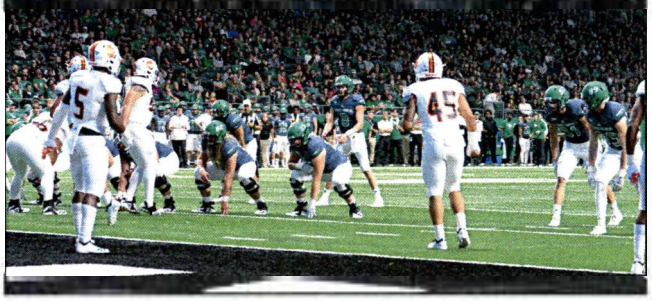
Critical Challenges. Practical Solutions.

Startups emerging from university research significantly more likely to succeed

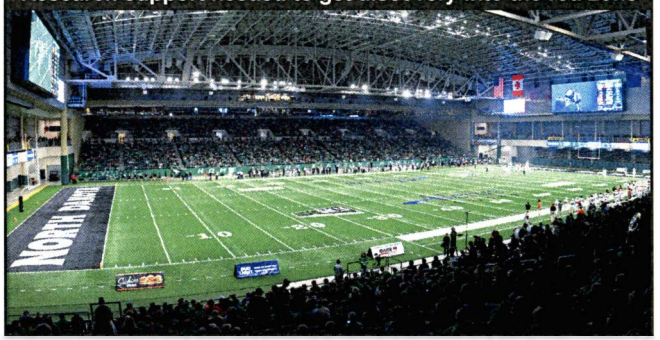
	Non-University Start-ups	University Start-ups	
Success Rate (IPO)	0.07%	8%	114x
Raise Venture Capital	1%	25%	25x
Ten Year Survival Rate	<20%	68%	3.5x

Source: Scott Shane, "Academic Entrepreneurship"

Support for commercialization like red zone -- getting discovery the last 20 yards into the end zone



Research support needed to get discovery into the red zone





Thriving in New Economy

- What North Dakota needs from UND
  - Talent
  - Discoveries and discoverers
- **What strategy UND needs to deliver**

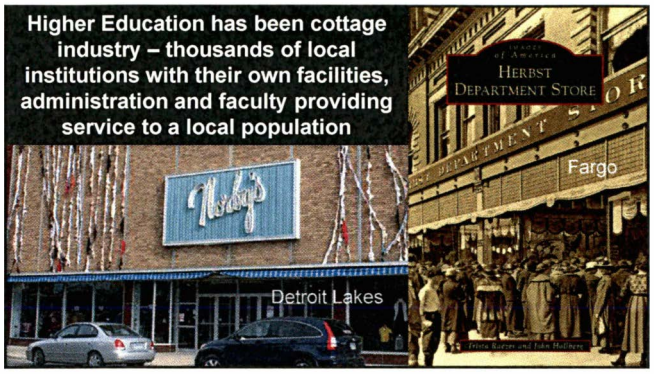
UND UNIVERSITY OF NORTH DAKOTA

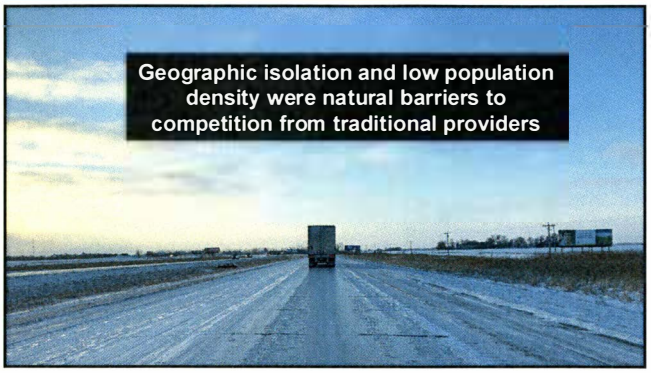
Harvard Business School professor: Half of American colleges will be bankrupt in 10 to 15 years



#1 HB 1003 - UND
3-18-2019
#6

Higher Education has been cottage industry – thousands of local institutions with their own facilities, administration and faculty providing service to a local population





THE CHRONICLE OF HIGHER EDUCATION

Outlook for Higher Ed in 2018 Is Bleak, Ratings Agency Says

By Adam Harris JANUARY 23, 2018

Declining campus enrollments nationwide
- Competition from online
- Competition from alternative credentials

Less funding
- Reduced state funding
- Flat federal research $

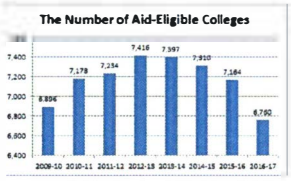
Heavy fixed costs

Reduction in Number of Colleges Well Underway

The Culling of Higher Ed Begins

The number of colleges and universities eligible to award federal financial aid dropped by 5.6 percent in 2016-17. The vast majority of disappearing institutions were for-profit colleges, but more than 30 private nonprofits were among them.

656 less aid-eligible colleges since 2012-2013



Source: Inside Higher Ed

South Dakota Advantage provides out-of-state students with in-state tuition



South Dakota Advantage?

South Dakota Advantage provides out-of-state students with in-state tuition



South Dakota Advantage?

Choosing to compete on price

Thousands of Citizens Per 4 Year Public University

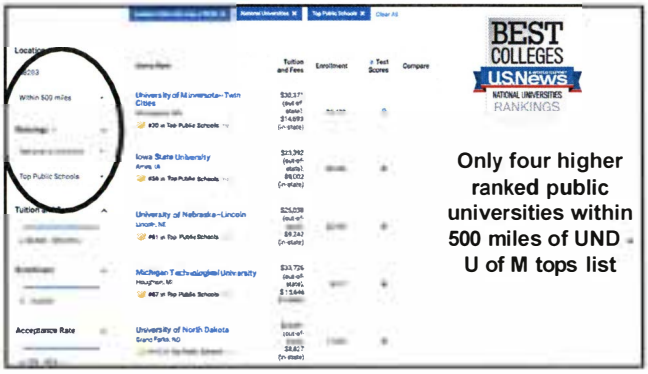


Cannot win on price without economies of scale

U of M OKs tuition hike for out-of-state students; weighs extra charge for science, engineering



University of Minnesota is competing on quality



Only four higher ranked public universities within 500 miles of UND - U of M tops list

Only 2 of 4 have medical or law schools, none match UND's strength in aerospace and petroleum engineering…

Fall 2018 Enrollment by College

College	Undergrad	Graduate	Professional
Arts & Sciences	2,557	375	
Business and Public Administration	1,539	224	
Education and Human Development	608	799	
John D. Odegard School of Aerospace	1,659	204	
Law			238
Nursing and Professional Disciplines	937	453	
College of Engineering and Mines	1,840	232	
School of Medicine and Health Sciences	691	382	305

UND NORTH DAKOTA

…or our top 10 ranked online programs

Online Bachelor's Programs
Electrical Engineering (#3)
Mechanical Engineering (#4)
Psychology (#3)
Social Work (#5)

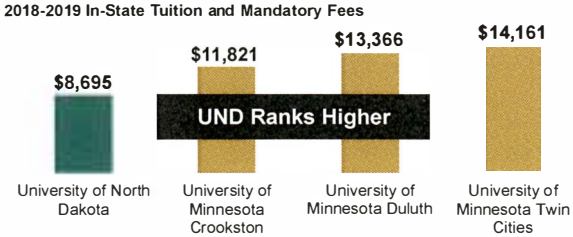
Online Master's Programs
Early Childhood Education (#3)
Forensic Psychology (#3)
Psychology (#1)

Online Doctoral Programs
Online Doctoral Programs (Composite) (#8)

UND NORTH DAKOTA

UND's tuition well below lower ranked competitors

2018-2019 In-State Tuition and Mandatory Fees



UND - Median debt of $17,916 for spring 2018 bachelor's graduates
UND - Default rate on federal debt 3.3% vs. national average of 10.8%

~~3/16/2019~~

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3-18-2019
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Thriving in New Economy

- What North Dakota needs from UND:
  - Talent
  - Discoveries and discoverers
- **What strategy UND needs to deliver**
  - **Quality at a value, not price**

UND UNIVERSITY OF NORTH DAKOTA

THE CHRONICLE of HIGHER EDUCATION

The Digital Campus: The Robot Has Arrived



Need to invest to retain quality edge
- **Tech solutions to enhance student outcomes and experience**
- **New degrees and research efforts vital to state**





Challenge Grant Funding

UNIVERSITY OF NORTH DAKOTA
STRATEGIC PLAN
2017–2022

PURPOSE Chief Opportunity Engine for North Dakota and Our Students

VISION Premier Flagship University in the Northern Plains

UND NORTH DAKOTA
UND.edu

GOALS

Learning
- Provide a strong undergraduate liberal arts foundation
- Increase undergraduate, graduate and professional retention and graduation rates
- Deliver more educational opportunities online and on campus

Discovery
- Enhance discovery at a level consistent with similar research-intensive universities (Carnegie R1)

Engagement
- Foster a welcoming, safe and inclusive campus climate
- Meet educational needs of active-duty military personnel, veterans and their families
- Attract support for the University by actively engaging alumni and donors

UND UNIVERSITY OF NORTH DAKOTA



Thriving in New Economy

- What North Dakota needs from UND:
  - Talent
  - Discoveries and discoverers
- **What strategy UND needs to deliver**
  - **Quality at a value, not price**
    - **Invest in higher graduation rate (Goal 2)**

UND UNIVERSITY OF NORTH DAKOTA

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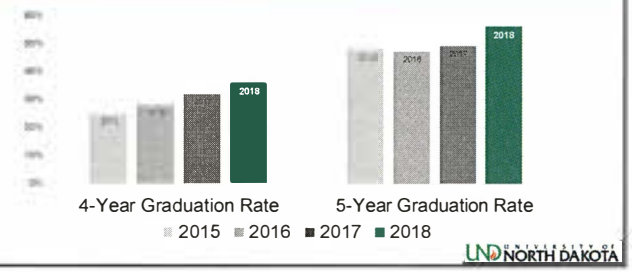
4-year graduation rate up 8 percentage points since last biennium (28% to 36%), 5-year rate up 9 pp (47% to 56%)



UND UNIVERSITY OF NORTH DAKOTA

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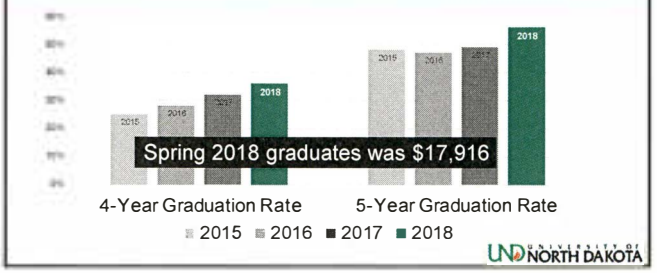

UND UNIVERSITY OF NORTH DAKOTA









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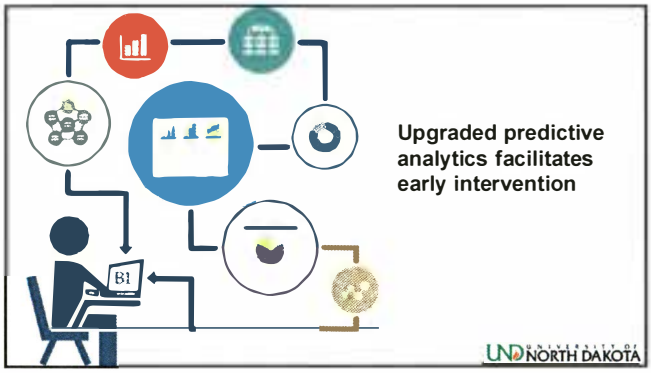

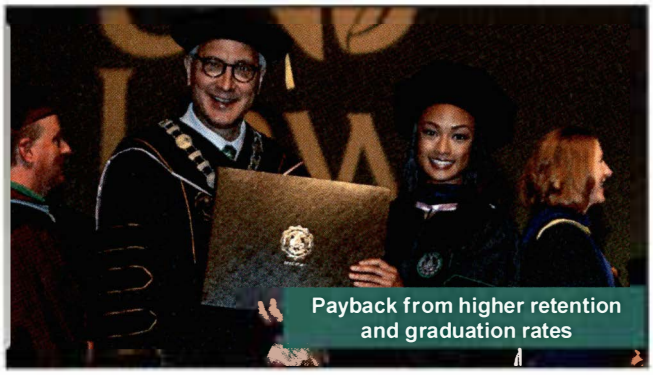



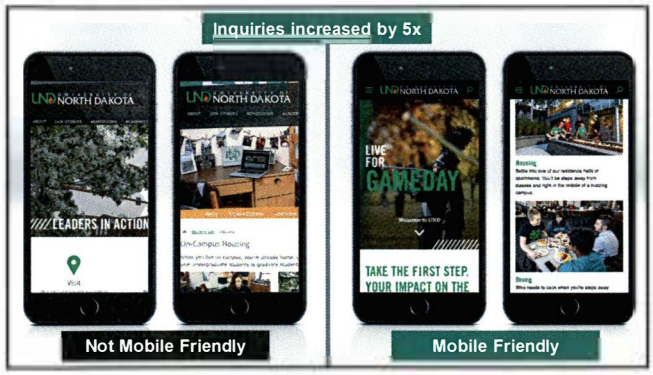

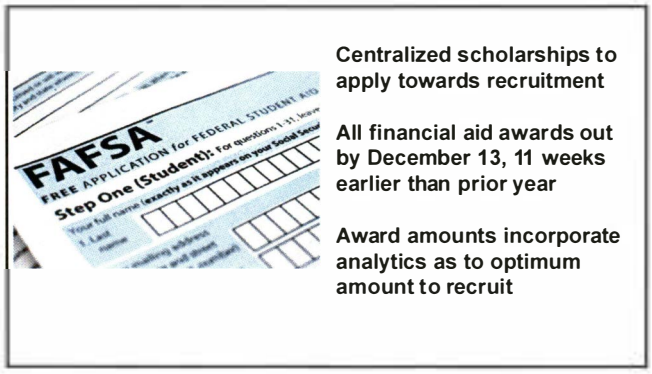

#1 HB 1003-UND
3-18-2019
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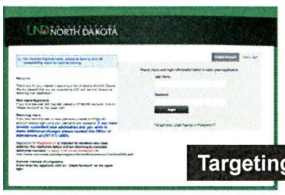
New Customer Relationship Management (CRM) System With NDSU

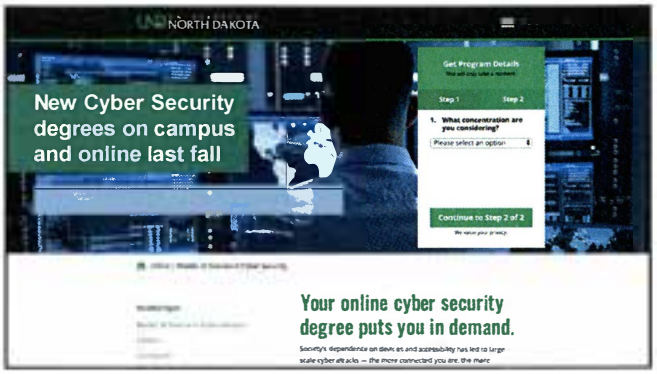


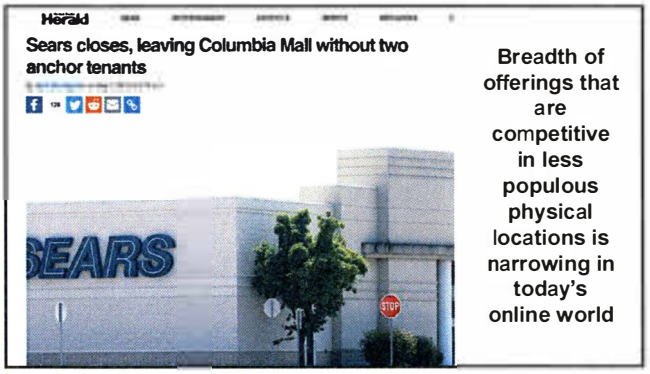


Targeting April 2019

More Student Applications

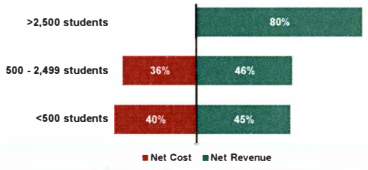
More Enrollees per Inquiry





Breadth of offerings that are competitive in less populous physical locations is narrowing in today's online world

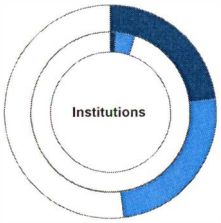
Scale needed to generate net revenue online



UND at Scale: Online Headcount = 3,531*

Sources: The Changing Landscape of Online Education (CHLOE) Quality Matters & Eduventures Survey of Chief Online Officers, 2017
*UND Fall 2018 Exclusively Online Students

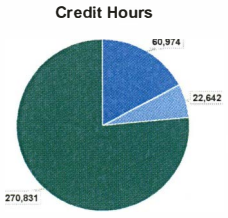
Providers concentrating



Driven by:
- High cost of quality online programs
- Need to leverage high fixed costs
- Quality courses crowding out others

GradInc rease Tracking Distance Education in the US Babson, Julia E. Seaman, I Elaine Allen and Jeff Seaman, 2018

UND faces a choice: go big online or go home



Go Big
- May not be able to grow big enough, fast enough

Go Home
- Long term financial pressures

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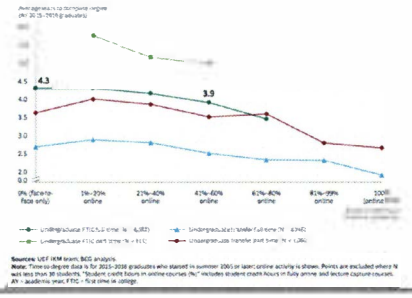
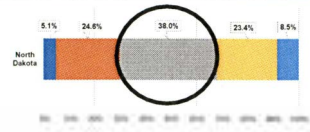
Online courses increasingly sought by on campus students
The more online courses they take, the earlier they graduate



Making Digital Learning Work, Success Strategies from Six Leading Universities and Community Colleges. BCG / ASU March 2018

Significant potential for completing degrees in state

North Dakota Educational Attainment



Source: A StrongerNation: Learning Beyond High School Builds American Talent. Lumina Foundation, 2018

National Consequences

31 million students in past two decades left college without receiving a degree or certificate.

Source: National Student Clearinghouse Research Center, 2016

If UND goes home, at-scale online universities will displace North Dakota offerings…



London

…On-campus students will seek to transfer credits from out-of-state online offerings…



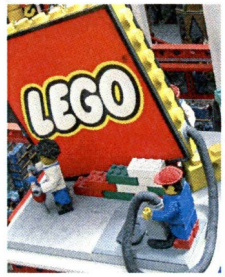
Oslo

… and North Dakota likely would become a net exporter instead of net importer of students



- Could result in contraction of employment at state universities
- Serious workforce attraction implications

Leveraging UND Online with revenue sharing permits NDUS schools to focus on offerings where location matters



- **Replace low enrollment courses with UND Online**
- **2+ programs - degree, certificates**
- **Joint certificates**
- **NDUS faculty as UND Online section leads**

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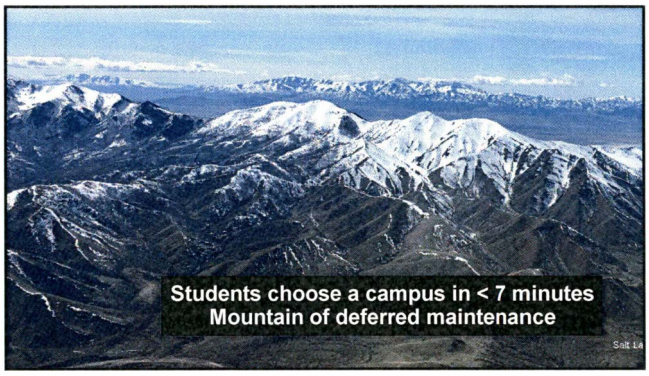







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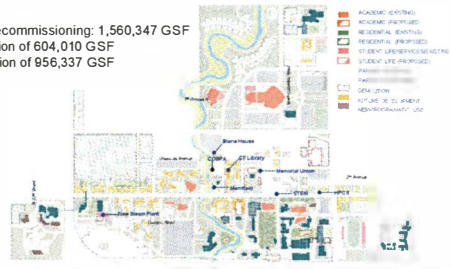
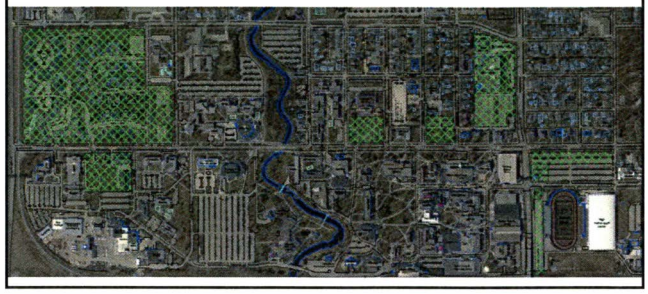
2018 Master Plan reduces 1 million square feet net of planned new construction

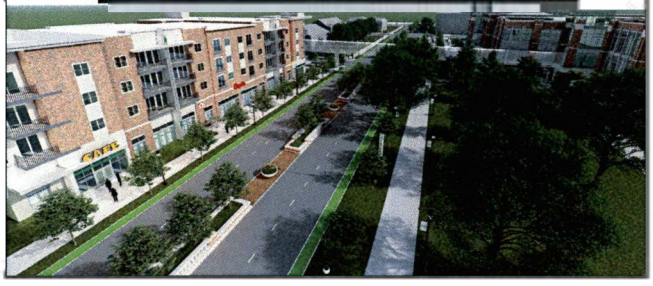
Proposed demolition / decommissioning: 1,560,347 GSF
Proposed new construction of 604,010 GSF
Resulting in a net reduction of 956,337 GSF



Frees up significant space for Public Private Partnerships (PPPs or P3)



- U3 Advisors studying market potential
- Targeted RPFs for February
- Successful bids will be collegiate gothic



$93 Million PPP with Johnson Controls to Replace Steam Plant by 2020…



…With New Efficient Plant in Industrial Section

Vehicles Offset: 8,600 Passenger Cars per Year



$4.5M donor funded remodel of Graduate Engagement Center underway



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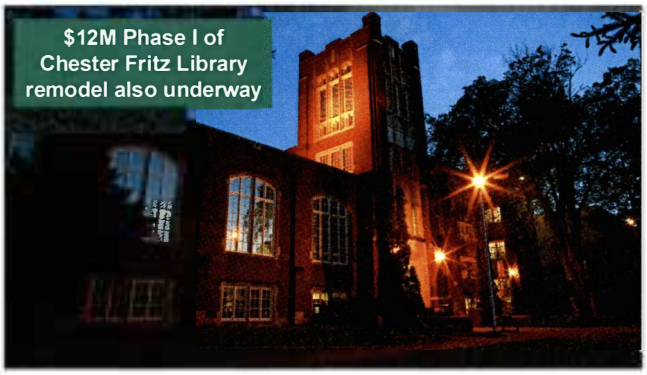





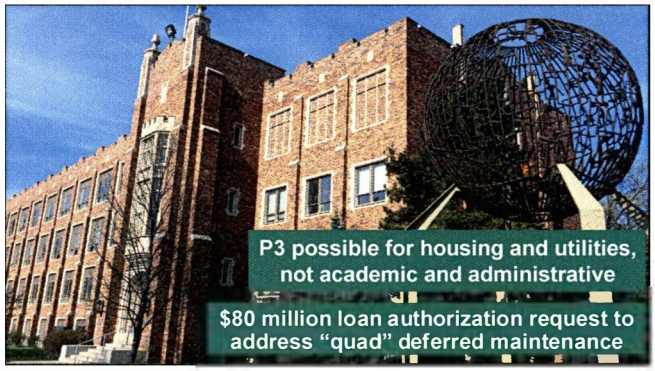



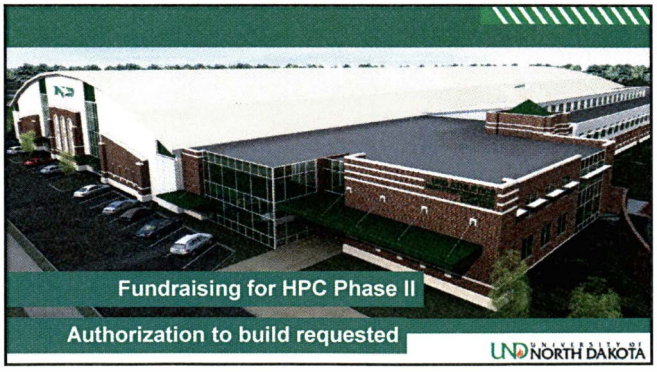

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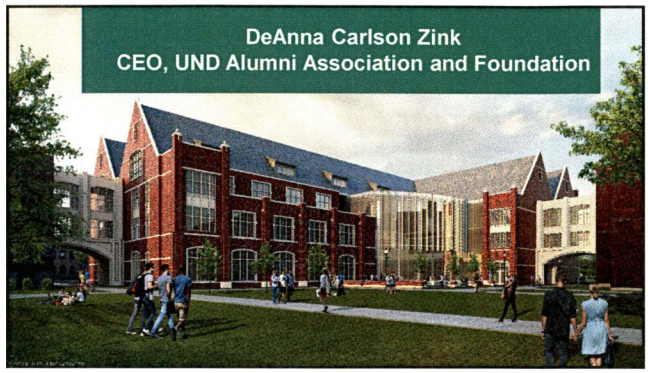

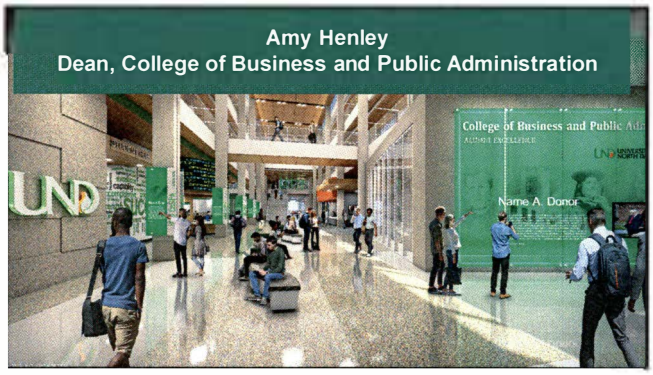









Red Zone Investments

Committed to commercializing research
- UAS commercialization staff hired
- **Committed to hiring an additional commercialization manager for campus and corporate outreach**
  - **Ideally 50%-funded by federal I6 grant**

UND NORTH DAKOTA



Red Zone Investments

Committed to commercializing research
- UAS commercialization staff hired
- Adding corporate outreach staff
- **Co-funding Department of Commerce commercialization developer position**
  - **Together with NDSU and BND**

UND NORTH DAKOTA



Red Zone Investments

Committed to commercializing research
- UAS commercialization staff hired
- Adding corporate outreach staff
- Co-funding Department of Commerce commercialization developer position
- **Committed to hiring tech transfer staff**
  - **Will identify and protect IP**

UND NORTH DAKOTA



Red Zone Investments

Committed to commercializing research
- UAS commercialization staff hired
- Adding corporate outreach staff
- Committed to hiring tech transfer staff
- Co-funding Department of Commerce Corporate Outreach effort
- Committed to hiring tech transfer specialist
- **Center for Innovation / EERC sharing new development officer to support commercialization effort**

UND NORTH DAKOTA



Red Zone Investments

Committed to commercializing research
- UAS commercialization staff hired
- Adding corporate outreach staff
- Committed to hiring tech transfer staff
- Co-funding Department of Commerce Corporate Outreach effort
- Center for Innovation / EERC sharing new development officer
- **Implementing Commercialization Team**
  - **Measure, monitor, manage and report out monthly on progress**

UND NORTH DAKOTA

Red Zone Scoring

Research / Innovate ND+
- Grant
- In Kind Match – private, federal, university
- Partnerships with Innovation Centers

Enhancement – commercialization pathway

Support HB 1333



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Green Zone Investments

- Expanded research funding

UND NORTH DAKOTA

UND rose from 170 to 151 in university research in biennium
Likely to rise further in 2018

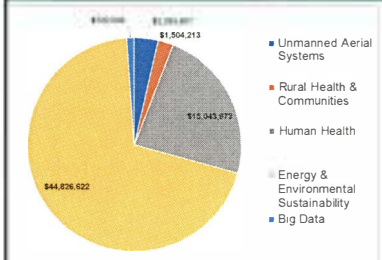


~$4-5 in Federal funding for every $1 from state

$300M economic impact

UND NORTH DAKOTA

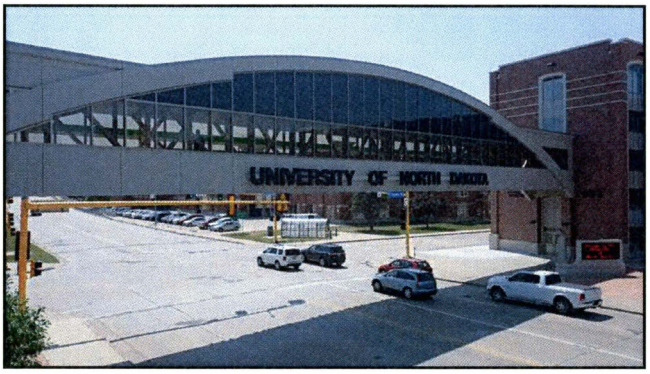
UND's external research funding for 2018



Energy - focused on West

Medical - benefit to entire state

UND NORTH DAKOTA





Green Zone Investments

- Expanded research funding
- Investing in "hunters" for more research

UND NORTH DAKOTA



To expand research, we need hunters and ammo - seed money, match $

We expect hunters to eventually primarily fund themselves and others with external funding

- Imports $
- Discoveries

Necessitates post evaluation - can't hunt without hunters or ammo

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UND Grand Challenges align with needs of state and areas with strong federal funding - DoE, NIH, SAMSA, DoD, DHS

Energy and Environmental Sustainability
- Promote energy security and environmental sustainability

Human Health
- Address health challenges through basic, clinical and translational discovery

Rural Health and Communities
- Help rural communities solve their unique health and social problems

Autonomous Systems
- Drive the world-changing developments of UAS

Big Data
- Effectively, efficiently and ethically produce, manage and securely use information in the age of big data

UND UNIVERSITY OF NORTH DAKOTA



Hunting examples

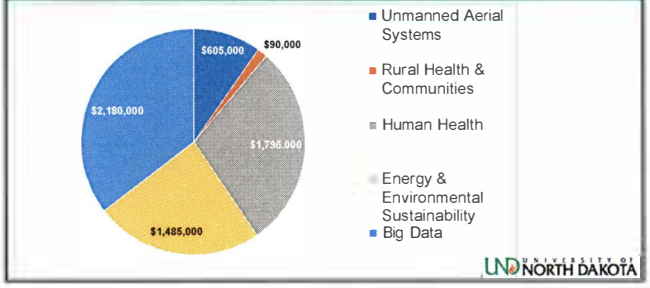
$3.2M Dept of Energy (Charles Gorecki)
- **CO2 enhanced oil recovery in Williston Basin**

$20.3M Natl Institutes of Health (Marc Basson)
- **Working with partners across the Dakotas to develop unique ways to combat cancer**

$2.25M Natl Institutes of Health (Jonathan Geiger)
- **New targets for therapeutics against epilepsy**

$3.2M Substance Abuse and Mental Health Services Administration (Thomasine Heitkamp)
- **Substance abuse impacts and mitigation**

Reallocated $6 million for research seed funding during last three fiscal years



UND UNIVERSITY OF NORTH DAKOTA

rias Research Institute for Autonomous Systems

- Launched in 2017
- Rapid response focused
- Fuels and harnesses power of state's UAS ecosystem
- UND+NDSU++
- Keeping UAS lead
- Potential to achieve EERC scale



UND UNIVERSITY OF NORTH DAKOTA

UND TODAY

University of North Dakota's Official News Source

Big day for 'Big Data'

Friday signing ceremony announces $10 million UND investment in Big Data, hiring of six new computational scientists



UND investing $10 Million (5 years) to hire six new 4IR scientists

Essential to all fields - Ag, Energy, UAS, etc.

Green Zone Advancement

- **$5.7 million technology infrastructure**
  - **Internet2 / high performance computing**
  - **Split between UND and NDSU, though service shared with state, including K-12**
  - **Historically funded**
  - **Included in NDUS request**
  - **Essential to expand research effort**



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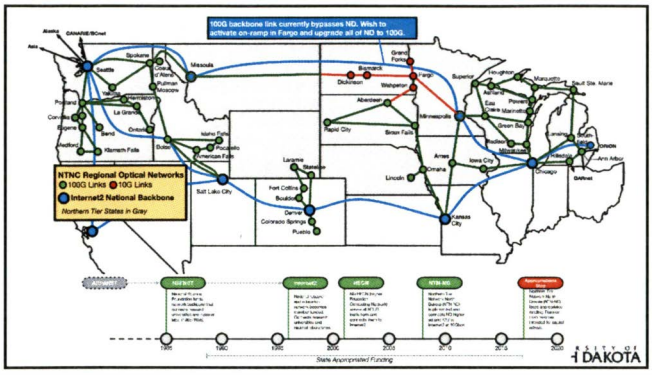


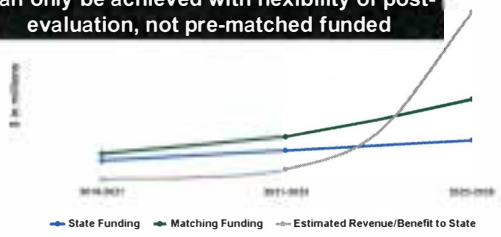
Green Zone Advancement

- $5.7 million technology infrastructure
- **$10 million support for research**
  - **Included in NDUS funding request**



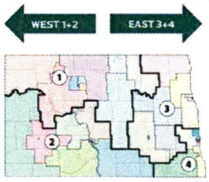
Each Grand Challenge Offers Opportunity to Leverage Added State Investment

Can only be achieved with flexibility of post-evaluation, not pre-matched funded



North Dakotans Support Funding University Research

79% agreed that the state should invest research dollars in new industries in addition to agriculture and energy to diversity the economy
- 80% in the East
- 78% in the West



77% agreed that NDSU and UND can aide in the diversification of the economy through research of emerging technologies
- 83% in the East
- 78% in the West

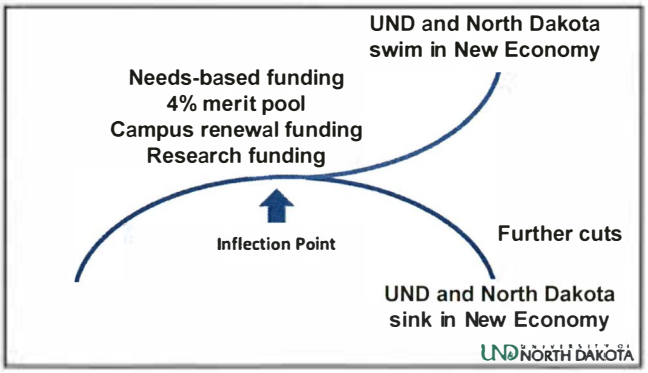
Valley Prosperity partnership



Thriving in New Economy

- What North Dakota needs from UND:
  - Talent
  - Discoveries and discoverers
- What strategy UND needs to deliver
  - Quality at a value, not price
    - Invest in higher graduation rate (Goal 2)
    - On campus and online (Goal 3)
    - Campus renewal (Goal 3)
    - Expanded research (Goal 4)
- **Inflection Point**

UND NORTH DAKOTA



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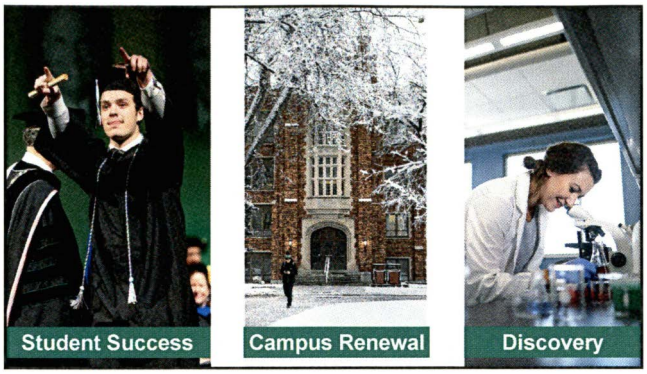

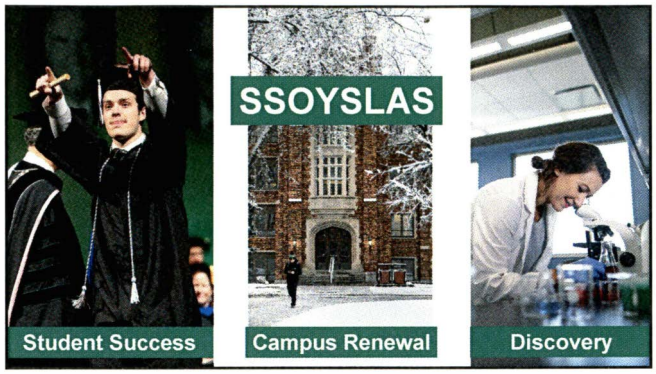





#2

HB 1003 - UND
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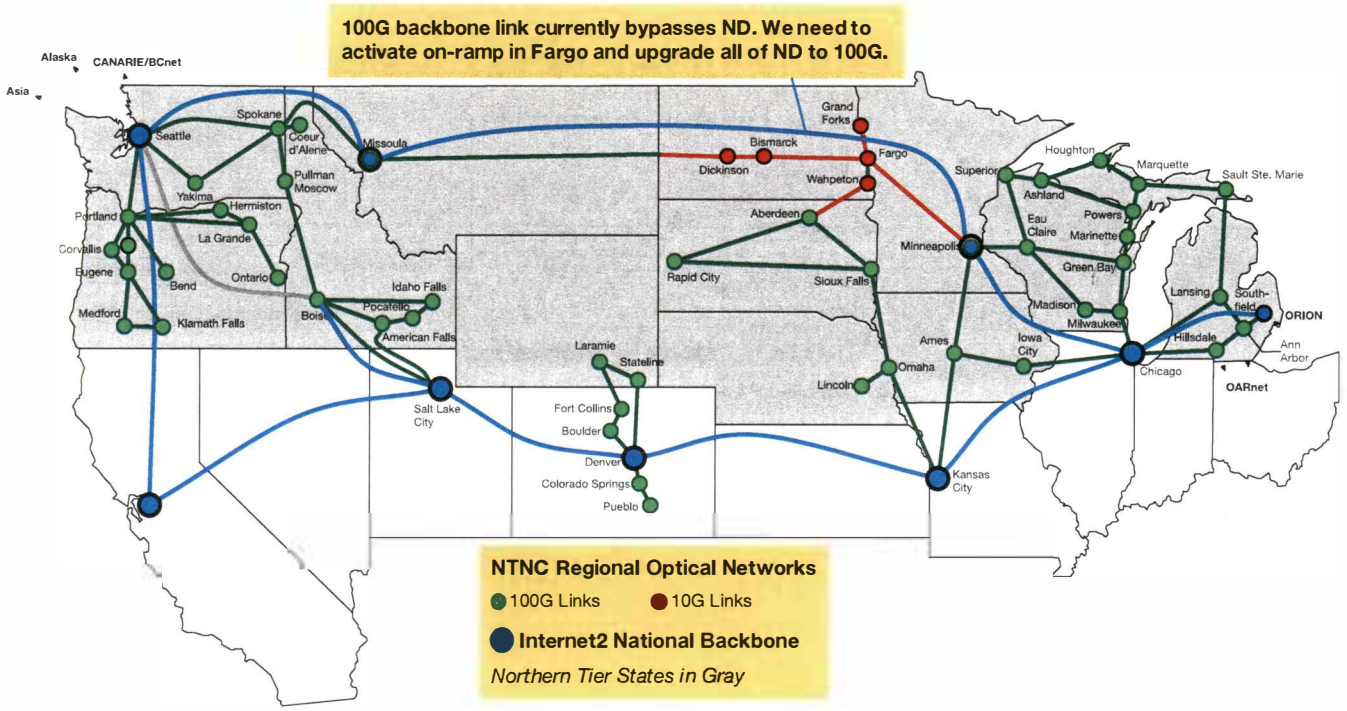
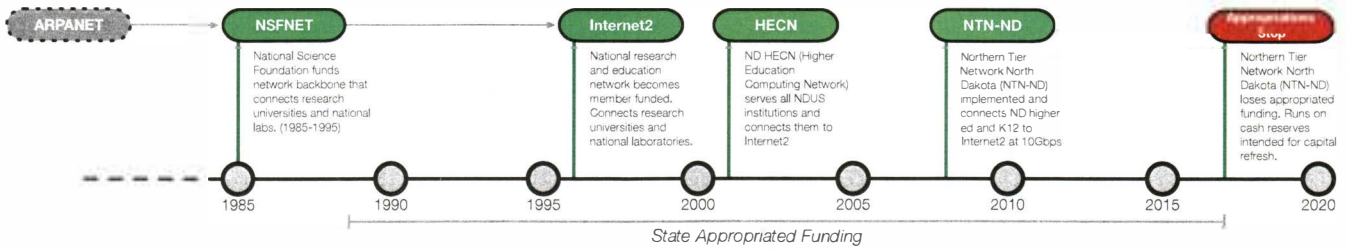
pg 1

NORTH DAKOTA'S TECHNOLOGY INFRASTRUCTURE

IT infrastructure upgrades are necessary to catch up and compete.

- North Dakota is falling behind. Current IT infrastructure is inadequate to support growing research needs. (See map below showing ND infrastructure vs. the rest of the Northern Tier.)
- Northern Tier Network has been funded in each biennium through the North Dakota University System budget until 2017.
- Investment is necessary to support research and collaboration of North Dakota research universities among regional and national peers, including University of Minnesota and University of South Dakota, as well as national laboratories and cloud providers.
- As the two Internet2 members, NDSU and UND are committed to pay the fee that allows all North Dakota University System and K12 schools access to the collaboration infrastructure.
- The $5.7 million request:
  - funds infrastructure upgrades to catch up with peers
  - is evenly split between NDSU and UND
  - supports connecting users throughout the state with the best access to high performance computing





UNIVERSITY OF NORTH DAKOTA

NORTH DAKOTA UNIVERSITY SYSTEM
ACCESS. INNOVATION. EXCELLENCE.

NDSU NORTH DAKOTA STATE UNIVERSITY

#3

HB 1003 UND
3-18-2019
Pg 1

Comments to the North Dakota Senate Appropriations Committee
Senator Ray Homberg, Chair

Submitted by DeAnna Carlson Zink, CEO of the University of North Dakota Alumni Association and Foundation

Submitted March 18, 2019

Chairman Holmberg and members of the Committee - good morning. I am DeAnna Carlson Zink, CEO of the UND Alumni Association and Foundation. Thank you for allowing me to explain why the North Dakota Challenge Fund has been a success and why it would be a positive move to continue funding the program at the highest level possible and providing flexibility as to how those funds are used.

To begin with, I want to thank each member of the North Dakota Legislature for supporting this initiative in the past. We have all benefitted—especially the students and members of these North Dakota's colleges and universities. We are an eclectic mix of community colleges, state colleges and public research universities, each with a unique mission.

The North Dakota Higher Education Challenge Fund is an investment in the state's and nation's future. This is another way that each one of you is contributing towards the upward trajectory of the state in the 21st century. Philanthropy is about paying forward and investing in the future. Together, with this public, private partnership, we can inspire a world of change, make positive choices that will last many generations and continue to shape public higher education as it strives to meet society's needs and demands. All gifts impact the University of North Dakota, higher education in general and the state, making private giving for higher education vital to our state's and nation's future.

Since the inception of the challenge fund in 2013, we at the UND Alumni Association and Foundation, have utilized our entire $17 million allocation from the state with $34 million in gifts and commitments. Of the $34 million raised in private support, 69 percent of it came from donors outside the state who wanted to invest in higher education in the great state of North Dakota. These donors hail from 33 states and the District of Columbia. The investment is quite impressive, and the initiative extends beyond the borders of North Dakota.

Since the North Dakota Challenge Fund began, 326 gifts funded 178 total projects including 140 endowed scholarship funds. The benefit of this Fund is impacting the lives of thousands of students; leaders in action who are making a difference in the state, country and world.

Many academic programs have also been enriched by private support. At the University of North Dakota, we have benefited by focusing on the University's strategic priorities and college-based initiatives—especially scholarships and academic programs. We have leveraged the challenge grant with our donors from all over the country. The incentive of an immediate 50 percent return of their investment has been very appealing. In fact, we have donors requesting this match and waiting for this private / public partnership with the state of North Dakota. Our development officers have repeatedly

shared the sentiment that our donors are excited that their gifts can have a much greater immediate impact.

You all should be applauded because this initiative has been a success on all fronts. It has helped motivate some donors and been a tipping point for them to give back. I thank you for that. I know of a potential seven figure cash gift that has piqued the interest of the donor because of the Challenge Grant. If not for the Challenge Grant, the gift would probably be part of the donor's estate plans and we wouldn't realize it for many years down the road.

As you know, Gov. Burgum recommended $40 million for this program, while the House version of this bill includes $2.2 million. I would strongly urge you to fund the program at the highest level possible and provide flexibility. I strongly believe if we don't receive full funding, we will be leaving philanthropic funds on the table. A program like this should be looked at as a model in the support of public higher education around the country. As the University of North Dakota strives to build its reputation as a leader in innovative education, private giving is more important than ever – especially when state revenues are more challenged. It is important for this initiative to support advancing academic programs, endowed faculty positions, and scholarships to make colleges and universities accessible to students from every walk of life.

Thank you again for allowing me to express my views. Thank you also for your continued support of this valuable program.

North Dakota Higher Education Challenge Fund

Cumulative Impact to UND 2013-2018

#4 HB 1003 UND
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pg 1

UND Private support
$33.5 million

+

North Dakota Higher Education Challenge Fund
$16.7 million

= **TOTAL INVESTMENT IN UND**
$50.2 million

The challenge fund increased the impact of **326 gifts**

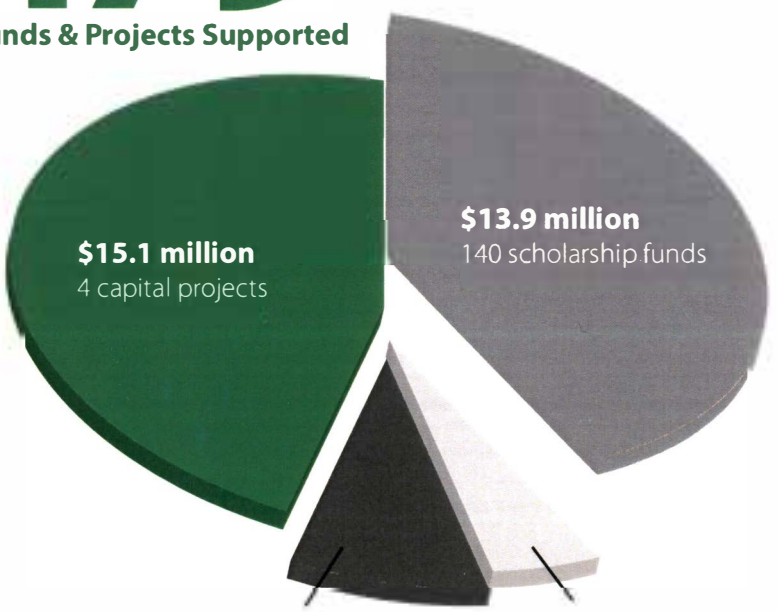
179
Funds & Projects Supported

ALL 8 Colleges

+

12 Academic units or programs have benefited





#5 HB 1003 UND
3-18-2019
PG 1

University of North Dakota
House Bill 1003
Senate Appropriations Committee

March 18, 2019

UNIVERSITY OF NORTH DAKOTA
LEADERS IN ACTION

UND Overview

- North Dakota is at an Inflection point in higher education.
- UND is committed in continuing to reallocate it's resources to best serve the needs of the students, state, nation and world. As priorities change, funding will follow those priorities
- UND will continue to reinvent to meet the needs of the workforce.
- UND's resource allocation model assists in strategic decision-making and helps align funding to the strategic priorities of the university in a very transparent way.

#5

Institutional Comparison

HB 1003 UND
3-18-2019
Pg 3

Comparison of Budget Request to HB 1003	University of North Dakota			
	SBHE 2019-21 GF Budget Request	Executive Recommendation	Engrossed HB1003	Engrossed HB1003 Over (Under) Budget Request
2017-19 Adjusted General Fund Appropriation	$ 145,976,557	$ 145,976,557	$ 145,976,557	$ -
Remove one-time, carryover & payroll adj.	(5,880,468)	(5,880,942)	(5,880,468)	-
2017-19 Base General Fund Appropriation(HB1003)	$ 140,096,089	$ 140,095,615	$ 140,096,089	$ -
4%/4% Salary Increases	5,312,443		-	(5,312,443)
Base Adjustments	3,544	3,544	3,544	-
2019-21 Adjusted General Fund Appropriation, Net of Base Adjustments(Needs Based Budget) adjustments	145,412,076	140,099,159	140,099,633	(5,312,443)
2019-21 Adjustments:				
4%/2% salary/benefit increase		4,152,776		-
2019-21 Health insurance increases	-	2,103,110	3,296,596	3,296,596
2%/2% salary/benefit increase			3,426,959	3,426,959
Funding formula additional 5% reduction	-	(7,004,508)		-
Funding formula - minimum amount payable	-	-	-	-
Total Adjustments	-	(748,622)	6,723,555	6,723,555
Total Base General Fund Request & Recommendation	$ 145,412,076	$ 139,350,537	$ 146,823,188	$ 1,411,112

UNIVERSITY OF NORTH DAKOTA

Institutional Comparison-Other Funds

HB 1003 UND
3-18-2019
Pg 4

Comparison of Budget Request to HB 1003	University of North Dakota			
	SBHE 2019-21 GF Budget Request	Executive Recommendation	Engrossed HB1003	Engrossed HB1003 Over (Under) Budget Request
2017-19 Base Other Funds	828,111,509	828,111,509	828,111,509	-
Capital Assets	(91,000,000)	(91,000,000)	(91,000,000)	-
Off System Cap. Assets 2017-19	(8,241,059)	(8,241,059)	(8,241,059)	-
Subtotal - 2017-19 Base Special funds(HB1003)	728,870,450	728,870,450	728,870,450	-
4%/4% Salary Request	15,105,676	-		(15,105,676)
Base Payroll adjustments	**(60,997)**	**(60,997)**	**(60,997)**	-
2019-21 Health insurance increases			**6,588,173**	6,588,173
2%/2% salary increase			**6,998,168**	6,998,168

UNIVERSITY OF NORTH DAKOTA

3-18-19 #5

Institutional Comparison-Capital Building Funds

HB 1003

Comparison of Budget Request to HB 1003	University of North Dakota			
	SBHE 2019-21 GF Budget Request	Executive Recommendation	Engrossed HB1003	Engrossed HB1003 Over (Under) Budget Request
Capital Building Fund Tier II -				
Bank of ND funds			**4,361,801**	4,361,801
1%/1% Tuition Increase			**3,334,928**	3,334,928
Institution Match at 1 to 1			**7,696,729**	7,696,729
Capital Projects		-	**115,000,000**	115,000,000
Other changes in estimated income		-		-
Remove prior biennium capital asset carryover	-	-		-
Change in extraordinary repairs and special assessments	-	-		-
Net change om base funding equipment over 5000	-	-		-
2019-21 Adjusted Other Fund Appropriation	**$ 743,915,129**	**$ 728,809,453**	**$ 872,789,252**	**$ 128,874,123**

UND UNIVERSITY OF NORTH DAKOTA

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Optional Adjustments – HB 1003

- The NDUS requested funding for the Northern Tier Network as part of its budget request to fund the following:

Item	Annual	Biennium
Research Computing Operating	$ 533,150	$ 1,066,300
Research Computing Salary + Fringe (4 FTE)	$ 466,850	$ 933,700
UND's share of NTN-ND infrastructure	$ 425,000	$ 850,000
Total	$ 1,425,000	$ 2,850,000

- UND is requesting funding for this project be reinstated in the bill.

UND UNIVERSITY OF NORTH DAKOTA

Funding transfers from UND to SoMHS

- The funding formula provides funding per weighted SCH for all completed coursework including coursework in the Medical School.

- Funding formula SCH increases equated to $415,091 for UND and SoMHS. The majority of the increases were attributed to the SoMHS Health Care Workforce Initiative (HWI) in the amount of $411,547. UND's portion equated to $3,544.

- Additionally, because part of the funding for the HWI initiative funds residency positions and residency positions do not generate SCH, OMB in conjunction with NDUS, modified funding for SoMHS by reducing the per credit SCH for medical students and funding the residency program separately ($10,676,150).

Capital Projects

Seeking Legislative Approval for the following:

- Student Memorial Union - $80,000,000
  - Funded through student fees
- Athletics High Performance Center - $35,000,000
  - Funded through donations
- Parking Repair and Maintenance – up to $25,000,000
  - Funded through parking fees (SBHE approval 12.6.2018)
- Deferred Maintenance - $80,000,000
  - Funded through reallocation of existing operating expenses (SBHE approval 1.24.19)

UND UNIVERSITY OF NORTH DAKOTA

Business School Opportunity

- An anonymous UND alumnus is pledging $20 million to help build a new College of Business & Public Administration building if the state commits another $20 million to match.
  - UND is seeking an amendment to the legislative bonding bill to provide the needed match

Special Line item for Law School

- Requesting funding for the UND School of Law be separated as a special line item like the SMHS.
  - Creates additional transparency of actual revenues and expenses of the law school
  - Governance will remain as with other colleges

Campus Research Initiative Pool

- The North Dakota University system is requesting $10 million one-time funds for expanded research into emerging technology and new fields, such as UAS, counter UAS, digital agriculture, cybersecurity, data analytics and medical applications.
  - UND supports this request as research is a critical component in the success of the state of North Dakota in the 4th industrial revolution
  - Funding would provide opportunities to attract more companies as graduates will have skills in emerging technologies
  - Will provide more opportunities for federal and corporate research funding, discoveries, and commercialization.

UND UNIVERSITY OF NORTH DAKOTA

UND Profile: About our Students

- *UND has more than 225 academic program offerings*

UND has 254 Presidential Scholars and 161 Honors Students

- 93% of UND graduates are employed or continuing their education

$300 million state-wide economic impact of our research

13% lower tuition and fees than similar institutions in an 11-state region

100% first-time pass rate on the Praxis, the national certifying exam for speech therapists

100% first-time pass rate on the National Counsel Licensure Examination for Nursing in 2018

UND UNIVERSITY OF NORTH DAKOTA

UND Student Profile

- We enroll students from every county in ND in about the same proportion as the ND population.
- Although most of our students are from ND (40%) or Minnesota (32%), we enroll students from every state in the union.
- 76% of our students are undergraduates, 20% are graduate students, and 4% are professional (medicine and law).
- In the past 4 years, the percent of our students enrolled in at least one online course has increased 15%.
- There has been a 29% increase in online student credit hours in the past 5 years.
- For the past 5 years, 80% or more of our first-year students have returned for their second year.
- Our four-year graduation rates have been increasing every year for the past 4 years.
- Our students' median debt at graduation is 32% less than the national average.

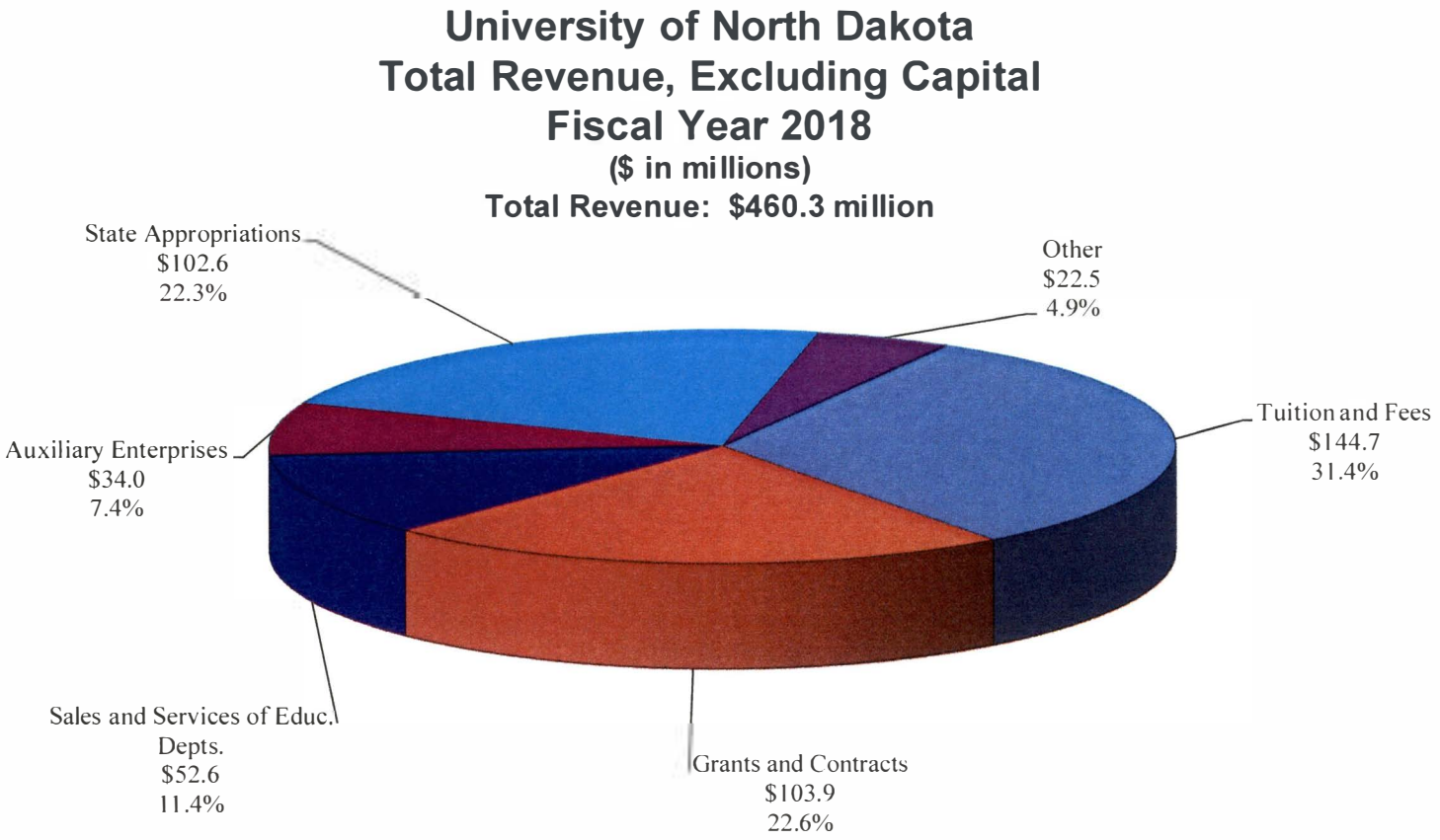
UND UNIVERSITY OF NORTH DAKOTA

Tuition Flexibility

- UND's professional programs continue to produce high quality graduates ready to enter the market in fields with a shortage of workers. However, tuition rates are not keeping up with the market which is hindering expansion and innovative opportunities in these programs.
  - UND supports tuition flexibility at the SBHE level for all programs
  - If not possible, UND is seeking more flexibility in professional programs that already have differential tuition to ensure continued innovation and resources for these programs.
    - Engineering
    - Aviation
    - Business
    - Nursing

UND UNIVERSITY OF NORTH DAKOTA

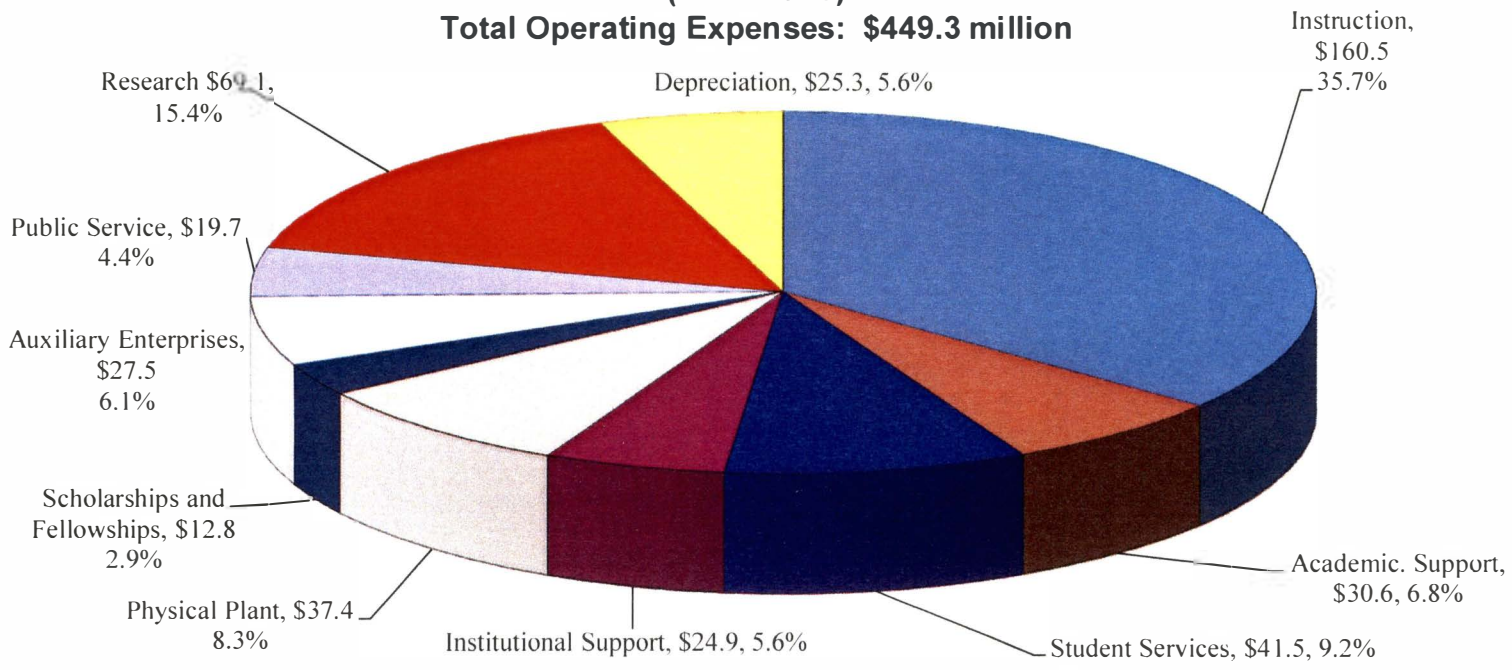
Summary of FY 2018 Total Revenue by function



UNIVERSITY OF NORTH DAKOTA

FY 2018 Operating Expenses by Function

University of North Dakota
Operating Expenses by Function
(excluding capital items and other nonoperating expenses)
Fiscal Year 2018
(in millions)
Total Operating Expenses: $449.3 million



UNIVERSITY OF NORTH DAKOTA

Financial Audit Findings

- Audit finding: Improper termination benefits note template
  - Management Response: Agree, Going forward greater care will be taken in the preparation of the template. Note: this was a severance package payment that was recorded on the wrong line of the template.

NORTH DAKOTA
UNIVERSITY SYSTEM
ACCESS. INNOVATION. EXCELLENCE.

Summary of Proposed Action
SBHE Meeting – January 24, 2019

1. **Issue:** UND is currently considering all funding options to identify the most appropriate financing for priority capital projects, including this project to address deferred maintenance.

2. **Proposed motion:** Authorize a $80 million capital project for UND to address deferred maintenance on the university's core campus. The project would be funded with North Dakota Building Authority (NDBA) bonds, which would be paid back with institutional operating funds. Further, authorize the System Office and UND to solicit project approval from the 66th North Dakota Legislative Assembly.

3. **Background:** In 2018, UND completed a campus facility master plan that expanded the 2016 master plan and incorporated UND's campus strategic plan. These plans call for the reduction of significant deferred maintenance and to progressively upgrade campus facilities and ambiance. UND's request for bond revenue will address capital needs related to existing appropriated buildings located within the historic academic core of campus.

4. **Financial implications:** UND's current bond rating is Aa3, but is anticipated to drop one notch to A1, with the additional debt incurred for the new Student Union ($80 million) and anticipated parking infrastructure ($25 million) projects.

Analysis assumed that the deferred maintenance bond project will utilize the Building Authority Bonds Moody's rating of Aa2. The interest rate projections include a 25 basis point cushion because of the interest rate environment.

Debt service for the $80 million project is estimated at approximately $5.3 million per year for 25 years.

5. **Academic implications:** There are no academic issues related to this project.

6. **Legal/policy issues:** This project requires approval of the ND Legislative Assembly.

7. **Review Process:** Vice Chancellor for Administrative Affairs, Director of Facilities Planning.

8. **Enclosures:** SBHE agenda item

9. **Contact person:** Jed Shivers, VP for finance and operations, jed.shivers@UND.edu, 701-777-3511

10. **Chancellor's Recommendation:** Chancellor Hagerott recommends approval with reservation.

Summary of UND Bonding Request for $80 million

Dear SBHE Members and Chancellor's Office:

Thank you for considering our proposal to raise $80 million from the sale of bonds explicitly designated to address the deferred maintenance on the core of our academic campus.[1] In prior information submissions we have provided data on the overall state of deferred maintenance of our campus ($+500 million) and an in-depth analysis of our credit worthiness to be able to afford the incremental expense of defraying principal and interest.

In this brief summary we provide the following information:

1. An explanation showing which core academic facilities will be addressed by the bond proceeds,
2. Assurances with high confidence that we can afford the expense, and
3. How the expense will be treated as an operating expense within our University's resource allocation model.

Core Academic Facilities addressed by the Bond Proposal

The construction of the new College of Business & Public Administration (CoBPA) building is the beginning of the reconstruction, remodeling and repurposing of academic buildings in the northeast and eastern edge of the academic core. Accomplishing this planned work will allow UND to begin the process of moving academic spaces from Columbia Hall back to the campus core.

1. *New CoBPA Project (gift funding)*. The new building will be attached to Chester Fritz Library and Merrifield Hall to take advantage of UND's existing space and will allow the new building to be right-sized. Once the new CoBPA building is open, Gamble Hall will be vacated.
2. *Merrifield Hall Project ($35M bonding)*. The vacant Gamble Hall will provide adjacent "swing space" to relocate Merrifield Hall occupants during a comprehensive remodeling project that will take advantage of its connection with the new CoBPA and new connection with Twamley Hall. Once the Merrifield Hall project is completed, Gamble Hall will again be vacated.
3. *Twamley Hall Project ($15M bonding)*. The vacant Gamble Hall will provide "swing space" again to relocate any existing Twamley Hall occupants that will return to Twamley Hall upon the completion of the comprehensive remodeling project that will take advantage of its new connection to Merrifield Hall. Twamley Hall will be repurposed to accommodate more academic and student affairs activities, taking advantage of its internal connections and direct access to the main quad. Once the Twamley Hall project is completed, Gamble Hall will be decommissioned.
4. *Campus Core Building Envelope Project ($30M bonding)*. The majority of the buildings in the campus core will receive some level of roof, windows, doors and tuck-pointing work completed in order to stabilize the buildings and improve the energy efficiency of the building envelope so that future HVAC system projects can be designed/down-sized appropriately.
    a. UND will also attempt to leverage the bonding funds to attract additional donor funds to complete more comprehensive remodeling of these campus core buildings.
        i. Babcock/Carnegie/Gustafson Halls already has authority for fundraising.
        ii. Chester Fritz Library already has authority for fundraising and has an active remodeling project.
        iii. O'Kelly Hall has an active phase two of a three-phase comprehensive remodeling project of the interior of the building, but exterior work is still needed.

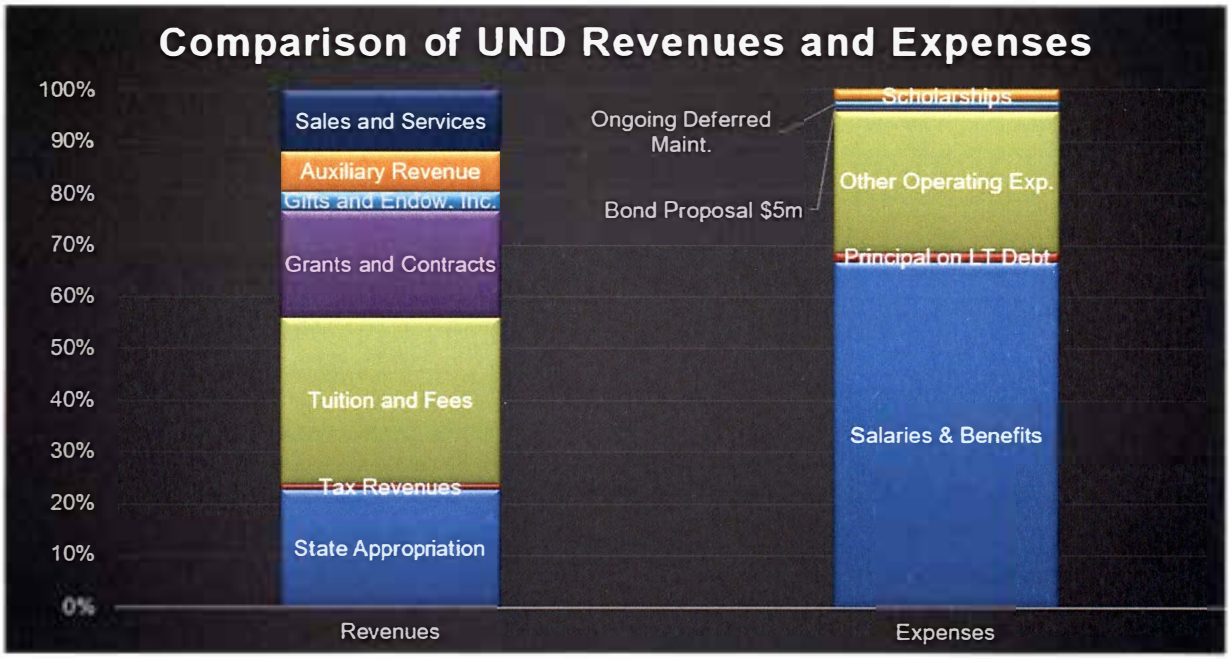
[1] It may be worth noting that Twamley Hall, home to University leadership, had no heat on December 31, 2018, as broken pipes in wall HVAC units failed and various offices were flooded.

Funding for Repayment of the bond issuance

There are three main aspects of the proposal which provide confidence that it is affordable:

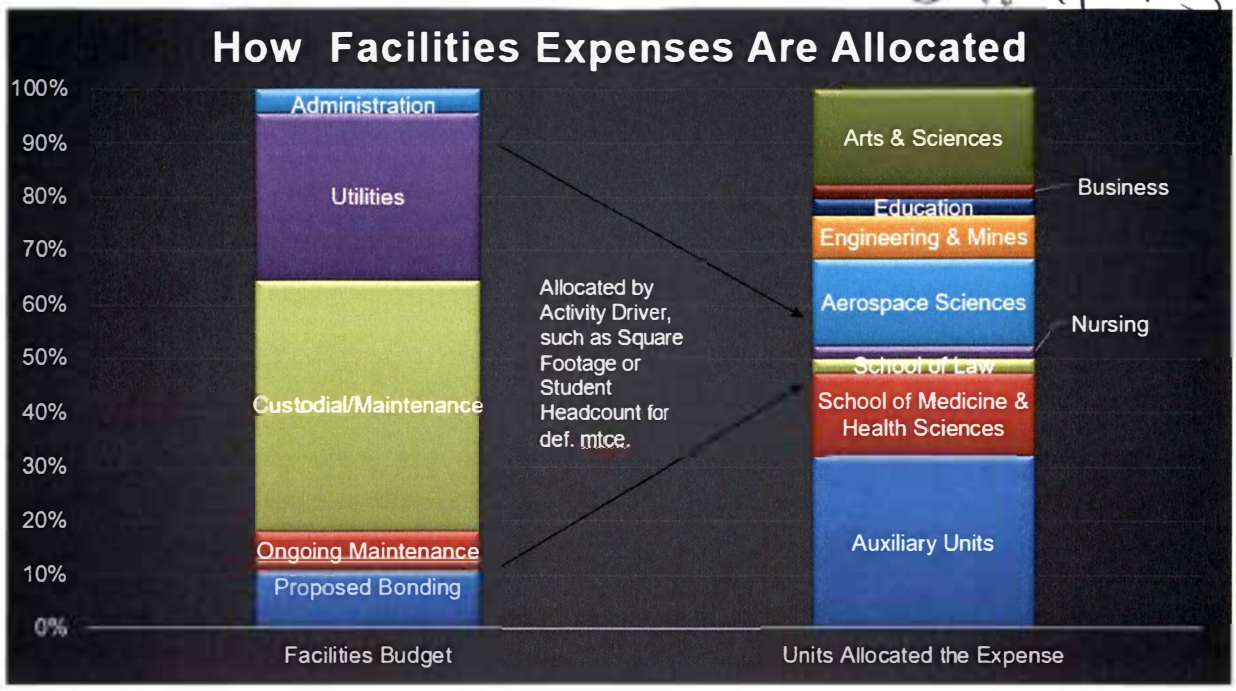
1. We decreased the requested bond amount from $135 million to $80 million in order to increase its affordability.
2. We computed the composite financial index (CFI) with all of our debt included and assumed that we would generate only 95% of current tuition. 95% of current tuition implies a significant enrollment decline since tuition tends to rise across the campus each year depending upon specific market conditions for that college. Thus we believe we have adequately stressed test for decreased enrollment.
3. We have structured the bond during the first two years to have annual payments of $2.9 vs. the $5.4 million for the subsequent 28 years. This provides us with sufficient time to make any budgetary adjustments (e.g., reductions) that we need to make in order to ensure that the bond may be serviced.

The annual debt service for the bond issuance in years 1 and 2 is approximately $2.9 million and $5.4 million in years 3-30. Below is a chart showing UND's revenues and expenses. Because the debt payment is a fixed expense, this debt service will be funded before other operating expenses. As revenues increase or decrease, UND's operating expenses will need to adjust to ensure available funding for debt service. This is the same mechanism used for all of our debt.



Note: Debt service is included in the above chart and depreciation is excluded based on the cash implications of these items and to give the Committee a full perspective.

The second chart shows how facilities-related costs are allocated using UND's incentive-based resource allocation model. Facilities expenses are allocated to the colleges and auxiliary units by square feet of space occupied as well as student headcount. Deferred maintenance (ongoing), as well as debt service on the proposed bond for deferred maintenance, will be allocated out to the units by student headcount because most revenues are allocated out by student headcount. This ensures that the revenue flows match the outflows to the extent possible. Additionally, by using student headcount, auxiliary units do not pay for the deferred maintenance of the academic and administrative core because they are responsible for their own deferred maintenance.



As we can see from the chart above, UND will have to repay this debt (which will be allocated to its academic colleges and other primary units through UND's incentive-based resource allocation model) by either expense efficiencies or revenue increases. This process is designed to generate a strategic investment pool to invest significant new initiatives such as when we utilized funds from the strategic investment pool for the approximately $10 million for the "big data" research faculty.

We are also constantly looking for opportunities for service units to become more efficient to fund other central strategic initiatives. We are advancing a number of systems initiatives with this in mind. Thus colleges/departments will need to either generate more revenue through increased student enrollees/credit hours, change in tuition rate, enhanced grant funding, etc., or reduced costs.

It worth noting that one of the principal reasons for enhancing fit and finish is to increase on-campus enrollment, which, in turn, increases tuition revenue outside of any tuition rate changes. Cost reductions will also apply to service units. Note that cost reductions would likely lead to staffing cuts. We are studying various cost reduction options now, for example, given the uncertainty of funding for the upcoming biennial budget and to prepare for strategic reallocation of resources such as this project. The principal and interest payment associated with this bond is a component that we and our colleges and service units must take into account, when budgeting, along with other strategic initiatives, merit pool funding, and health premium funding.

Impact on CFI

UND's composite financial index (CFI) for FY 2017 is 3.95. Any CFI index above 1.10 is consider healthy and requires no review from the Higher Learning Commission. Based on our financial projections including the Memorial Union debt, other debt commitments, and the proposed deferred maintenance bond, UND's CFI is expected to be 2.54 even when we assume 95% of tuition.

Respectfully,

Jed Shivers, UND Vice President for Finance and Operations/Chief Operating Officer

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Comments to the North Dakota Senate Appropriations Committee
Senator Ray Holmberg, Chair
Submitted by DeAnna Carlson Zink, Chief Executive Officer
University of North Dakota Alumni Association and Foundation
March 18, 2019

DeAnna Carlson Zink/UND Alumni Association & Foundation CEO:
Chairman Holmberg and members of the Senate Appropriations Committee — thank you for allowing me to again appear before you.

I am here to talk with you about an exciting project at the University of North Dakota that we are engaging donors on at this moment.

The State Board of Higher Education, the North Dakota Legislature, and the UND Alumni Association and Foundation Board of Directors have approved fundraising for a new $70 million state-of-the-art College of Business & Public Administration building in the heart of the quad at the University of North Dakota.

We have been around the region and country in recent months talking with potential donors about this project and we are finding tremendous enthusiasm among our alumni and friends. One thing that we hear time after time is that these potential major six-to-seven to even eight-figure donors want to partner with the state to make this building a reality.

So, we are asking this committee and your fellow lawmakers to consider committing $20 million in state funds to be matched by $50 million from our donors.

We are confident that with a state match, our dedicated alumni will recognize the state's commitment and invest in this project as dedicated partners. I would like to take a minute to read a letter signed by twenty-one alumni stating their intention if a state match is established.

The letter reads:

Dear Chairman Holmberg and members of the Senate Appropriations Committee,

We are alumni of the University of North Dakota College of Business & Public Administration. We are CEOs, entrepreneurs, accountants, and government officials. We live in North Dakota and beyond and will never forget how our UND education changed our lives and impacted who we are today. We recognize the need to raise the bar for the UND College of Business and Public Administration and build a College for the future. Our peer institutions are doing so, and we too must remain competitive and not fall behind.

We believe in the values, leadership skills and work ethic instilled in us in North Dakota and during our time at UND and feel passionate about investing in North Dakota's future.

We must continue to attract and educate the best and brightest students from throughout the great state of North Dakota as well as throughout the United States and beyond who will become successful business people and contribute to the state's economic growth long after graduation. With many College of Business and Public Administration graduates staying in the state to live, work and raise families, the economic impact is significant for North Dakota.

We are willing and committed to be leadership donors on this capital project but feel strongly there should be a partnership with the state to elevate our flagship institution into the future. We are confident that with a state match, the return on investment will be significant. With $20 million in state funding, we and others commit to donating to this capital project totaling $50 million in private donations.

This project is an investment in the state's future, and we ask you to strongly consider this partnership.

Sincerely,

Chad Wachter
Jim Poolman
Jim Williams
James Williams
B John Barry
Phil Gisi
Bernie Feland
Trevor Hastings
Monica Musich
Tammy Peterson
Kevin Moug
Henry Herr
Howie Dahl
Linda Pancratz
Lauris Molbert
Rick Burgum
Dale Morrison
Paul Korus
Steve M. Scheel
Rick & Lori Lee

This letter is signed by twenty-one alumni and friends of the University of North Dakota and you'll see their names in the transcript of this testimony that has been distributed to committee members.

In addition to these alumni dedicating their support to the project, we have an alumnus who is prepared to give a lead gift of $20 million to this capital project. This donor wants to partner with the state to make the building a reality.

I'd like to read now a letter from this anonymous donor to you:

He writes …

Dear Chairman Holmberg and members of the Senate Appropriations Committee,

I am a proud native of the great state of North Dakota and a graduate of the University of North Dakota College of Business & Public Administration. I am extremely proud of my North Dakota roots and very grateful for the strong education I received at UND. The hard work ethic that is instilled within me was developed in North Dakota – it's a trait that has served me both personally and professionally throughout the years.

Because I believe in giving back and investing in the state, people and the University I hold so close to my heart, my wife and I are committing a gift of $20 million to lead the development of the proposed College of Business & Public Administration building. This gift is conditioned on the state providing a $20 million match fund for all gifts to its proposed new building project.

I strongly believe the state of North Dakota should financially support the University of North Dakota at the highest level possible through this new College of Business & Public Administration building.

This state-of-the-art building will be a place that produces strong business leaders who will, in turn, invest back into this beautiful state. This new building is essential for UND to recruit, retain and graduate top students that will become our future business leaders, meeting essential workforce needs of the state.

I thank you for your consideration to invest in this monumental project for the University of North Dakota, the state, region, and the world.

My wife and I are committing to make a difference in the lives of students for generations to come and believe this partnership with you is essential in empowering leaders of tomorrow. We ask for your commitment as well.

Sincerely,

Anonymous Donor

Esteemed members of the committee, this anonymous donor is a true North Dakota success story, and he and his wife want to make a difference in the lives of UND students today and for decades into the future by making this lead gift to a new College of Business and Public Administration building.

The current home of the College of Business and Public Administration is more than 50 years old and the college has outgrown it.

I'd like to call on the dean of the college to speak about why this project is so critical to the success of our students. So please allow me to introduce Dean Amy Henley:

Amy Henley/Dean of the UND College of Business & Public Administration:

My name is Amy Henley and I am incredibly proud to serve as the Dean of the College of Business and Public Administration at the University of North Dakota.

When our current home was built, half a century ago, Gamble Hall provided an excellent home for our students, staff, and faculty. It has continued to produce leaders in public and private sectors. But a lot has changed over the decades.

As the state's first accredited business college, I am proud to say that we have gained a national reputation for excellence. Our graduates are highly sought after throughout the United States, but we are proud that many choose to stay right here in North Dakota and make a difference in their communities and in our state. As a result of our national reputation, we have seen increasing enrollment that has led us to outgrow our current space.

Also, the space we do have is no longer adequate for the way in which students want to learn. Creativity, emotional intelligence, leadership, and cognitive flexibility are the current must-have skills for the workplace. Tomorrow's students need a place for hands-on learning to interact and hone those skills, not just sit and listen. Many of Gamble Hall's classrooms are designed as lecture halls with tiered levels and inflexible seating. Gamble Hall is no longer equipped to accommodate and attract our current or future students. It doesn't have the interactive and collaborative spaces we need, or an innovation hub to inspire the new ideas for future businesses to benefit the state, nor does it have space where students can come together outside of the classroom for conversations with their classmates, faculty, and inspirational leaders. Instead, they congregate in the only non-classroom space they can find; on old couch under the stairwell.

Our space is not set up with the kind of innovative technology that students will continue to demand in the future. We have had some amazing, engaged donors who have stepped up to help provide our students with access to data such as real-time stock exchange information and lessons from experienced leaders in their fields. When Gamble Hall was built, there was no way to predict how rapidly changing technology would impact future education needs. Not only do faculty need access to rapidly advancing technology changes to aid in their teaching and research, students are continually demanding access to state-of-the-art technology to aid in their learning. A new home for the College of Business and Public Administration would allow us to design a modern space with an infrastructure that would provide maximum flexibility in adapting to changing technological needs and opportunities.

Further, we suggest that the construction of a new home would be a more financially sound path for our future. Experts have determined that that the deferred maintenance and capitol renewal needs for Gamble Hall will total $19 million.

A new building equipped to educate the business and public leaders of the future — businessmen and women, accountants, financial experts, economists, government officials — including legislators — will help UND and the State of North Dakota compete with business schools both regionally and nationally for the best and brightest students from North Dakota and beyond.

Finally, I offer that a new College of Business and Public Administration building would help us strengthen our partnerships with alumni and the business community in North Dakota and beyond.

Thank you for the opportunity to share my perspective with you today.

DeAnna Carlson Zink:

Chairman Holmberg, committee members, I think it would be very valuable for you to hear a student's perspective on this project, so I'd like to invite Student Body President and Accounting Major Erik Hanson to say a few words.

Erik Hanson:

Chairman Holmberg, members of the committee, my name is Erik Hanson and I have had the privilege to serve as the Student Body President for the last year. As my time at UND comes closer to an end, I reflect on all the things UND has given me: a great campus community, student focused faculty, incredible leadership development opportunities, and an amazing connection with our community of Grand Forks. These four things have been instrumental in my preparation for the next steps of my life. But most importantly on my mind as a graduating senior is how do I ensure I am workforce ready and hirable for employers. Part of being ready to join the 21st century workforce, is training in a 21st century workspace. While our programs are excelling in many areas in the CoBPA, our infrastructure is holding us back. The fifty-plus year-old building was built for a time of different teaching, different learning, and a different period of connectivity. We live in a world where technology isn't just the future, but it is the present. We need our students competing for jobs in a marketplace that demands not just a knowledge of job skills, but an understanding of how to utilize these technologies in a collaborative environment. Right now, neither adequate technology or collaborative spaces are available in Gamble Hall. We currently lack the infrastructure for the type of workspace modern education demands.

For generations, leaders in our state have flourished in Gamble Hall and at the University of North Dakota. From elected officials at the state and federal level, small-business owners, industry leaders, and constituents in your districts, UND's College of Business and Public Administration has been preparing leaders and grooming a workforce that is ready to drive our state forward in industries we have today, and those poised to emerge on the horizon. For over fifty years, Gamble Hall has helped prepare those graduates for the world ahead of them, but in our world of rapid change and the emergence of technology-driven learning, it is time for infrastructure that grows with the college and develops the next wave of leaders for generations to come.

If we want to grow and excel as a state, we need to retain the best and brightest from within our borders. In addition, we need to also recruit the best and brightest from others around us. In a shrinking world but ever-growing global marketplace, it is essential to have a building that supports the needed infrastructure, technology, and workspaces that attracts tomorrow's leaders to North Dakota. As we continue to evolve in the ways we learn and prepare for the workforce, our learning environment needs to be flexible to evolve with it. Currently, the only study space in Gamble is a few old couches placed under a flight of stairs. This does not attract the talent our state needs. Students have advocated heavily over the past few years for more experiential

learning opportunities to be implemented in our coursework; however, there are currently no group breakout spaces or collaboration zones that allow students to work together on these projects, simulations, and case studies. As a graduating senior, I see a desperate need for spaces like a community engagement center that allows easier access for our community members and employers to be present in our building. The more engagement our community members and employers have with our students creates a pipeline of talent for the state's workforce and drives higher retention rates of graduates staying and working in North Dakota. More than anything, the rapid advancement of technology has outgrown what our aging building can handle. We need infrastructure that allows our technology to grow with our students and be flexible to handle whatever the future brings.

We are so fortunate at the University of North Dakota to have an alumni base that is passionate, caring, and generous. They have heard from us, the students, what we need to propel UND's College of Business and Public Administration forward to continue preparing the next leaders in our state. Not only did they listen, but they acted. Their generosity thus far shows the level of commitment the graduates of UND have for their University and our state. I hope that as a legislature, you also see the value that a flagship College of Business and Public Administration brings to the state. I ask you to help invest in students, invest in higher education, and invest in matching dollars for the new building that will show our alumni the statewide support for this endeavor. Working with our students, our alumni, and our state leaders, hand-in-hand to secure a brighter future for the state of North Dakota is the sort of project we need to continue growing and diversifying North Dakota's economy for generations to come.

DeAnna Carlson Zink:

Chairman Holmberg, esteemed members of the committee,

With more than 22,000 alumni from the College of Business & Public Administration and more than 40 percent of these alumni staying in North Dakota to live and work, the economic impact of this project is monumental.

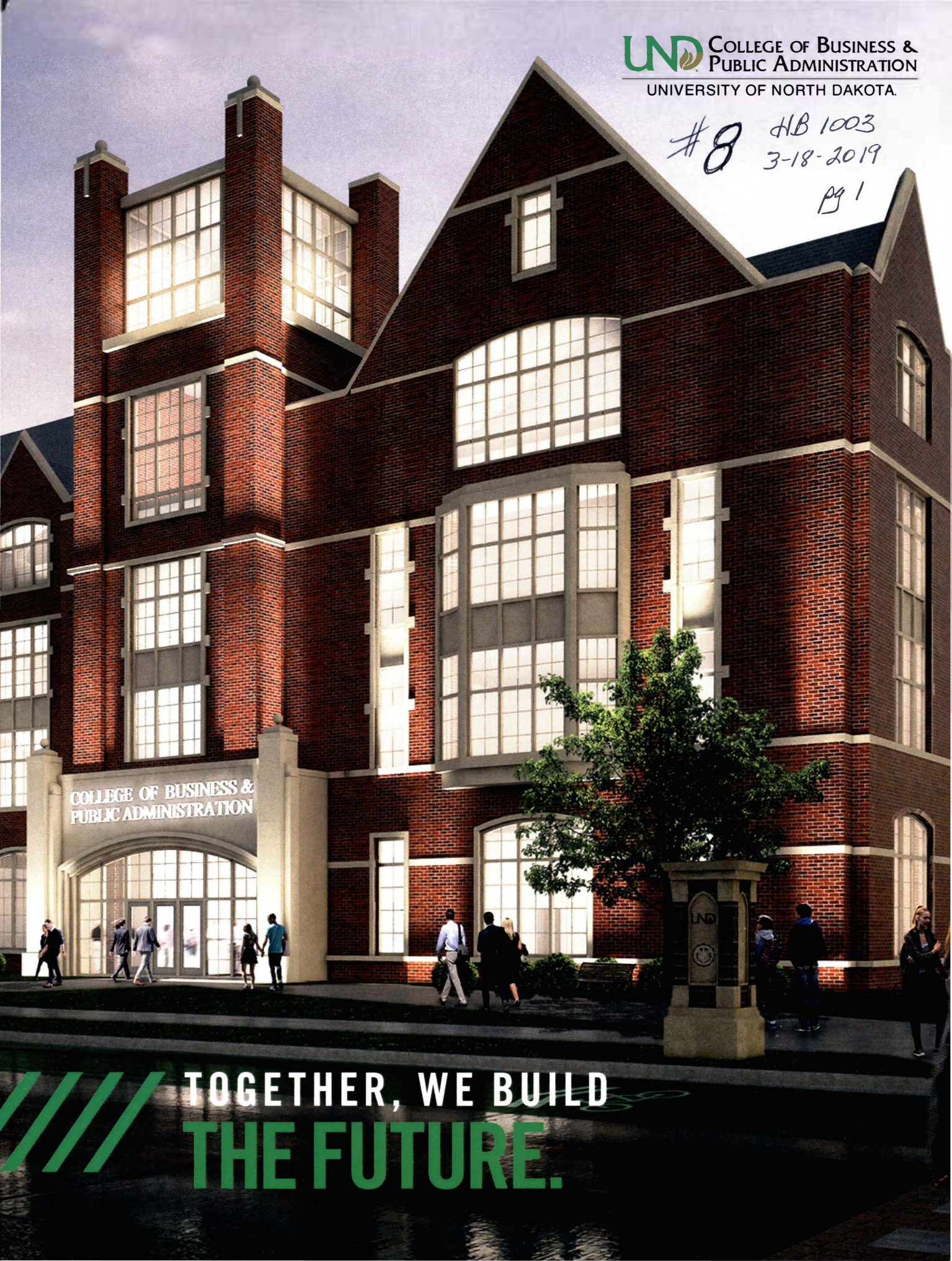
I ask that you strongly consider including a match for this capital building project. With it, you will work hand-in-hand with our donors and investors to build a brighter future for UND students and the great state of North Dakota.

We have some supplemental materials that we are going to leave for you to look at regarding the building proposal. It includes a brochure that we are using as we visit with donors.

And at the bottom of this printed testimony, you can find a link to a video that we show donors as we bring them up to speed on the project.

Thank you.

CoBPA building video: www.bit.ly/UND_CoBPA


UND COLLEGE OF BUSINESS & PUBLIC ADMINISTRATION
UNIVERSITY OF NORTH DAKOTA
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COLLEGE OF BUSINESS & PUBLIC ADMINISTRATION
TOGETHER, WE BUILD
THE FUTURE.

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EMPOWER LEADERS

We bring the world to our students and our students to the world.

The University of North Dakota College of Business and Public Administration is embarking on a $60 million campaign to build a facility for the future.

This is the biggest philanthropic capital project our university has ever undertaken. We depend on leaders like you to provide the spark for this transformational facility at North Dakota's Flagship University. The countdown to a world-class education starts now.



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$60 million philanthropic project that will empower the leaders of tomorrow.



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3-18-19 Pg 4



HB 1003
3-18-19
#8
Pg 5

Goal: Increase internships for undergraduates from 40% to 75% of students.

Our new, technologically advanced building will empower the next generation of business leaders by giving them a place for hands-on learning where they can hone their creativity, emotional intelligence, leadership and cognitive flexibility.



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#8 pg 6



HB 1003 #8
3-18-19 p9 7

Goal: Grow enrollment to 2,800

When a student sets foot on campus, how long does it take to decide if they want to attend that university? 7 minutes.

Imagine their reaction when they see a state-of-the-art business and public administration building located at the heart of campus, placed prominently on the quad along University Avenue.



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Goal: Introduce new majors, such as Data Analytics.

In addition to more than 2,000 students, faculty, and staff, at least 15,000 prospective students, families and community members visit the college each year through campus tours, symposia, career fairs, and conferences. This traffic will increase dramatically as our new, cutting-edge facility will be the premier academic building and event venue on campus.



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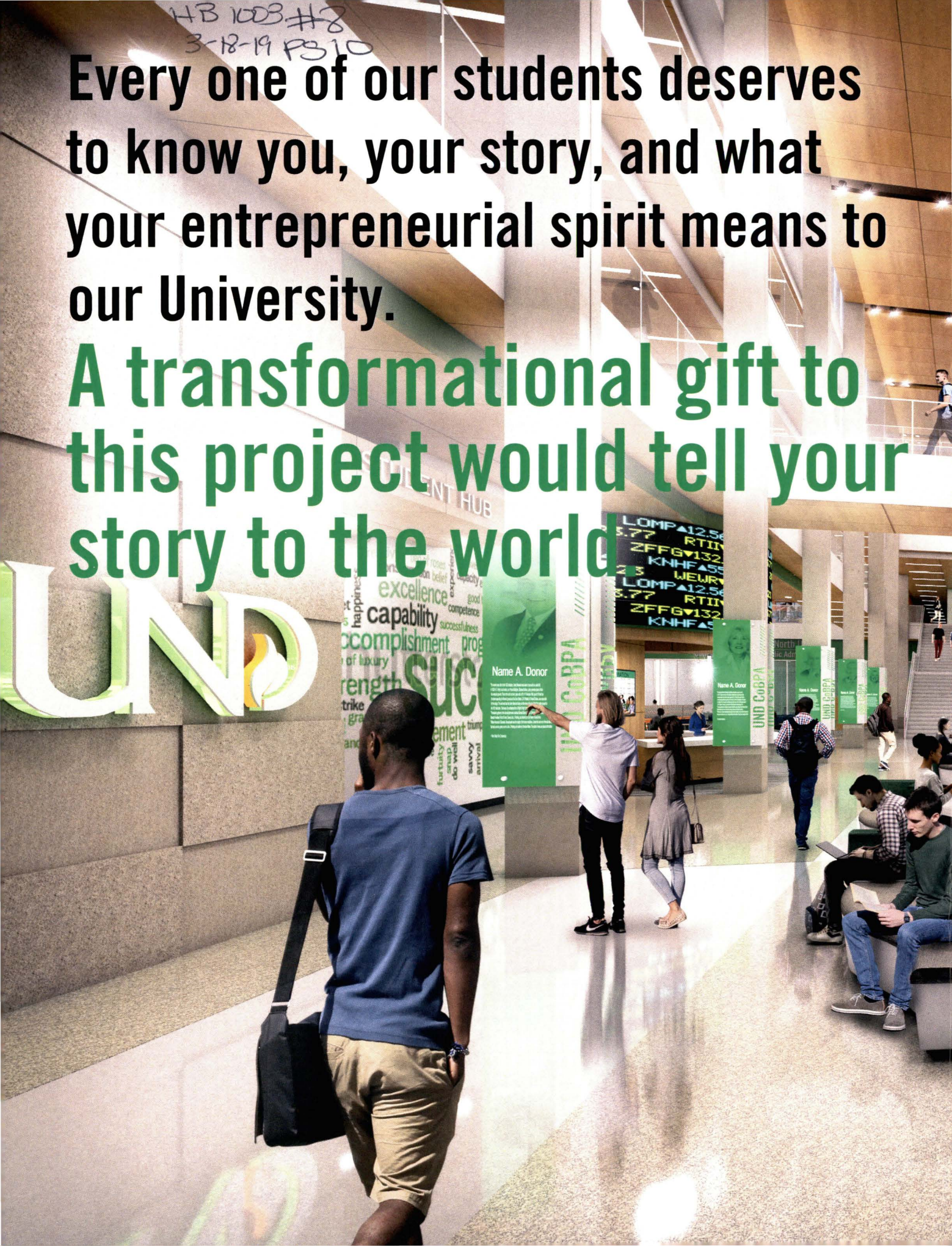
Every one of our students deserves to know you, your story, and what your entrepreneurial spirit means to our University.

A transformational gift to this project would tell your story to the world.





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UND College of Business & Public Administration
UNIVERSITY OF NORTH DAKOTA

UND Alumni Association Foundation
LEADERS IN ACTION

#9

Testimony to the Senate Appropriations Committee

HB 1003 – UND

Mary Ellen Varvel

March 18, 2019

pg 1

Chairman Holmberg and Members of the Committee:

My name is Mary Ellen Varvel. I now live in Bismarck. I lived in Grand Forks for a total of 24 years, including the three years I studied at the law school at UND. I have been a licensed attorney since October 5, 1981.

I first saw Corwin Hall in early 1972. It looked like it had not been well maintained in a long time, but it was still a solid building that had been beautifully built. I last saw Corwin Hall in May of 2018. Several of its rooms were filled with chairs, desks, and other stuff that was to be hauled to the dump rather than handed over to State Surplus. Corwin Hall was still the same solid building it was when I first saw it.

I know the difference between a solid building that has sturdy stairs and a shaky building that has unstable stairs. I was in the English 1H (honors) class at the University of Kansas in the summer of 1964. I remember well that the classes were on the fourth floor of one of KU's oldest buildings, a shaky building with shaky stairs. A year or so later, that old building was demolished – and it took only one swing of the wrecking ball to bring it down.

I object to destroying good old buildings such as Corwin Hall just because someone wants to have the state spend millions of dollars on new buildings. If a good old building is no longer needed, then replacing it with an expensive new building is not necessary.

Use it up, wear it out, make it do, or do without.

Thank you. I am open to questions from the committee.

Mary Ellen Varvel
2630 Commons Avenue
Bismarck, ND 58503
(701) 255-6639

#10

Testimony to the Senate Appropriations Committee

HB 1003 – UND

Andrew Alexis Varvel

March 18, 2019

pg 1

Chairman Holmberg and Members of the Committee:

My name is Andrew Alexis Varvel. I am an alumnus of the University of North Dakota, a scholar of the history of the University of North Dakota, and a resident of Bismarck.

Student Fees

We need to look at the future of student fees. From the Left, there has been a push to eliminate tuition for public universities. If you look at North Dakota's record of reimbursing political subdivisions to keep down property taxes, the effect has often been to raise spending while not actually lowering property taxes. I suggest to you that free tuition would likewise be regarded as a bonanza for student governments, as well as university administrators who look at student fees as a piggy bank to fund and staff projects that the North Dakota Legislature would never approve of.

In the 1930's, my grandfather Charles Varvel was about to graduate from the University of Kansas with a BS in Chemistry. His fellow classmates voted to require everyone in his class to pay one year of dues to the Alumni Association. He didn't have the money. In order to graduate, he we was forced to borrow money from his older sister. Charles Varvel would later go on to become a research chemist at Phillips 66 who was also their pipeline corrosion specialist, but he remembered that episode for the rest of his life.

From the Right, Australia has Voluntary Student Unionism and New Zealand has Voluntary Student Membership. In other words, if students don't want to participate in student government and pay student fees, they are not required to do so. This reform recognizes that not every student actually supports student government.

Recent United States Supreme Court decisions may call into question the future of student fees. *Fleck v. Wetch*, concerning mandatory bar association membership, has been remanded to the United States Court of Appeals for the Eighth Circuit "for further consideration in light of *Janus v. State, County, and Municipal Employees*".

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pg 2

Justice Alito states in *Janus v. State, County, and Municipal Employees*:

> "Under Illinois law, public employees are forced to subsidize a union, even if they choose not to join and strongly object to the positions the union takes in collective bargaining and related activities. We conclude that this arrangement violates the free speech rights of nonmembers by compelling them to subsidize private speech on matters of substantial public concern."

This is a sweeping decision that may provide precedent for students who object to student fees or the pretense that student government actually represents them.

This directly affects House Bill 1003, given that the University of North Dakota expects the North Dakota Legislature to approve a major bonding issue lasting through 2059 that would raise student fees by over $300/year for the purpose of demolishing the Memorial Union and replacing it with a new structure.

If the payment of student fees becomes voluntary, the State of North Dakota would be left in the lurch as our state colleges and universities will have debts based upon a revenue stream that no longer exists. Given the legal environment surrounding the *Fleck v. Wetch*, it would be prudent for the legislature to be cautious concerning the University of North Dakota's great leap forward in remaking its physical campus.

Gamble Hall

The University of North Dakota is pressing the Legislature for permission to construct a new building for its business school. Under the UND Master Plan, this would involve the demolition of Gamble Hall and probably Montgomery Hall. This new building would be linked by skyway to the Chester Fritz Library, which would disrupt Special Collections. This new building would also be linked by skyway to Merrifield Hall.

As you are doubtless aware, an anonymous donor has offered $20 million toward building the new College of Business and Public Administration building contingent upon the State of North Dakota matching that funding with another $20 million.

I remember hearing comments in the early 1990's from House Majority Leader Earl Strinden about how federal matching funds would distort the state budget. And worse, what started as federal matching funds might turn into unfunded mandates. If the offer of private matching funds brings projects to the top of the queue, we risk making contingent private donations a prerequisite for public funding of new buildings.

This offer should have been presented to Legislative Management last year to provide the Legislature more time to consider the idea. As it is, the Legislature has had more opportunity to consider Governor Burgum's plan for a presidential library in Medora.

We should also consider whether the business college ought to be in Grand Forks in the first place. Fargo is the center of commerce for our state, so it would naturally make more sense for the business college to be in Fargo, just as moving Pharmacy to the UND Medical School and Architecture to UND would also make sense. Business fits NDSU's historical mission as a land grant college while Architecture is central to UND's core mission going all the way back to 1883.

Some forms of deferred maintenance go with the territory. After all, the North Dakota Capitol has cracks in the terrazzo flooring and the Brynhild Haugland Room has nicks. However, a policy of intentionally deferred maintenance is just plain wasteful. Any university that refuses to adequately maintain its existing buildings should not be trusted to adequately maintain its future buildings either. Planned obsolescence is wasteful, and it is flagrantly contemptuous toward North Dakota's traditional spirit of frugality. In any case, if we are going to build an entirely new campus for the University of North Dakota, we should consider where it should be built. We should not presume that it must necessarily get built near the English Coulee, which sometimes floods.

UND's Latest Master Plan

For future reference, any statewide university needs to ensure that its Master Plan includes stakeholders on a statewide basis. Unfortunately, all of the "community stakeholders" listed on page 45 of UND's Master Plan are Grand Forks institutions. On page 88, it says, concerning a building slated to replace the Hughes Fine Arts Center, "... a UND Collaborative Arts Center could serve as a beacon of innovation and community engagement for the Grand Forks area."

As a UND alumnus, I am offended. I thought UND was a beacon for the State of North Dakota, to quote our school song "Alma Mater", a "Beacon O'er Our Western Land."

Thank you. I'm open for questions from the committee.

Andrew Alexis Varvel
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Pg 1

House Bill 1003
Senate Appropriations Committee
Economic Diversification through Research Grant Program

March 18, 2019

Testimony by
Steve Burian, Co-Chair

Good morning Chairman Holmberg and members of the Senate Appropriations Committee. My name is Steve Burian, and I serve as Co-Chair of the Valley Prosperity Partnership, an initiative led by business executives to identify and advance common strategic economic development opportunities for the Red River Valley region and the state of North Dakota.

I am here today because it is critical for this committee to consider and re-up its commitment to investing in university research as a means of diversifying North Dakota's economy. As you know, this committee approved SB 2282, which provides $45M for university research, by a 13-0 margin. The executives that comprise the VPP were thrilled with your support, and we were even more thrilled with the resounding support shared by the full Senate, which approved the bill 43-4.

We made a similar case in the House Appropriations Committee last week, and late last week, we were quite disappointed to learn the committee placed a do not pass recommendation on 2282. While we will continue to press your house colleagues to support this business-led, state-wide, voter-supported effort, we urge you to strongly consider and re-up your support for this bill – depending on 2282's fate in the House – by amending the substance of 2282 into the higher education budget you are considering today.

This bill is a bona fide effort by North Dakota business leaders – many of whom have state-wide, regional, and national footprints – to diversify and strengthen our economy. We appreciate this committee's unanimous support for the game-changing ideas that comprise HB 2282. The CEOs and business executives who have worked on this initiative for about a year now respectfully request you to exercise that same support as you enter the final stages of the 2019 legislative session.

The VPP's business executives desire to strengthen and diversify our economy for a more vibrant and prosperous future. We feel that the best means of doing so at this moment in our state's history is by investing in North Dakota's university research enterprise.

Thank you for your continued support and thoughtful consideration of amending SB 2282 into HB 1003 to keep the idea moving forward to conference committee. I'll stand for any questions you might have.

Senate Appropriations Committee

March 18, 2019

Joshua Wynne, MD, MBA, MPH
Vice President for Health Affairs, UND
Dean, UND SMHS
Executive Secretary, UND SMHS Advisory Council

UND UNIVERSITY OF NORTH DAKOTA
LEADERS IN ACTION

Reference Materials

- Copy of PowerPoint slides used in today's presentation
- *UND SMHS Fact Sheet* with overview of various UND SMHS programs, statistics, and answers to frequently asked questions
- Executive Summary of the *Fifth Biennial Report – Health Issues for the State of North Dakota 2019*
- *Vital Signs – 2018 Community Report*

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University of North Dakota

Overview of Today's Presentation

- Current status of health and healthcare in North Dakota
- Strategic direction of the UND SMHS
  - Where we were
  - Where we are now thanks to North Dakota's *Healthcare Workforce Initiative (HWI)*
  - Where we hope to go
- Budget implications
- Recommendations for the ND Legislature from the UND SMHS Advisory Council

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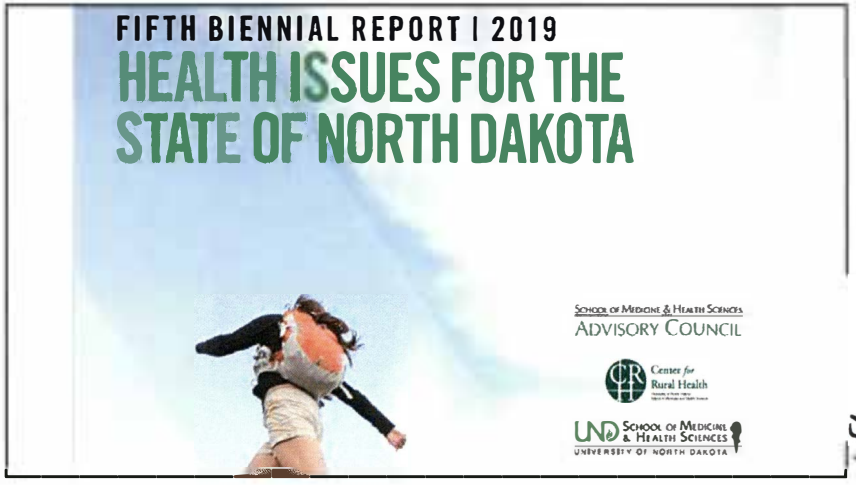
University of North Dakota



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Key Points from the *Fifth Biennial Report – Health Issues for the State of North Dakota 2019*

- Although North Dakotans have a lower prevalence of diabetes than the rest of the U.S. and are less likely to report fair or poor health, they have a higher risk of certain cancers and a mortality rate that exceeds the national average.
- North Dakota is tied for fourth in the country in the percentage of its state population 85 years of age or older. Because demand for healthcare increases with age, demand for services is especially pronounced in the state.

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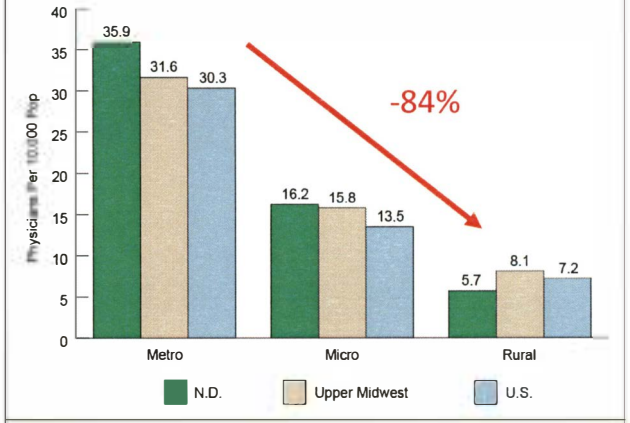

Figure 3.3. **Physicians per 10,000 population for North Dakota with comparisons, 2015.**[1,3,6]

Key Points from the *Fifth Biennial Report – Health Issues for the State of North Dakota 2019*

- A majority of hospital nurses are licensed practical nurses (LPNs) or registered nurses (RNs) and were trained in-state. There was a vacancy rate of greater than 10 percent for all levels of nurses in 2018.
- For all provider types, there are substantially more providers in urban compared with rural regions. For physicians, there are 84% fewer providers in rural compared with urban areas (adjusted for population).

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Key Points from a National and State Healthcare Provider Perspective

- We recruit for healthcare providers on a regional, national, and even global stage. The same is true of health care educators. Thus, proper incentives for recruitment and retention are essential.
- With the aging of the population and especially of the physician healthcare provider workforce, the challenges of providing appropriate healthcare will only increase in the future.

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Healthcare Workforce Shortages in North Dakota Are **Not** New

- *Report of the Country Life Commission* (1909) – President Theodore Roosevelt
  - "Physicians are further apart and are called in later in cases of sickness, and…medical attendance is…more expensive."
- Carnegie Commission's *Report on Medical Education* (1970)
  - "The geographic distribution of health [providers] is highly uneven, and…there is little question that the supply of health [providers] is gravely deficient in some parts of the nation."

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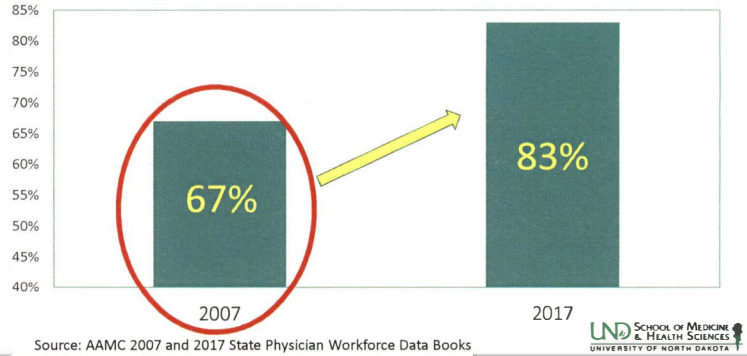
Percent of ND Medical Students Going to UND SMHS



Source: AAMC 2007 and 2017 State Physician Workforce Data Books

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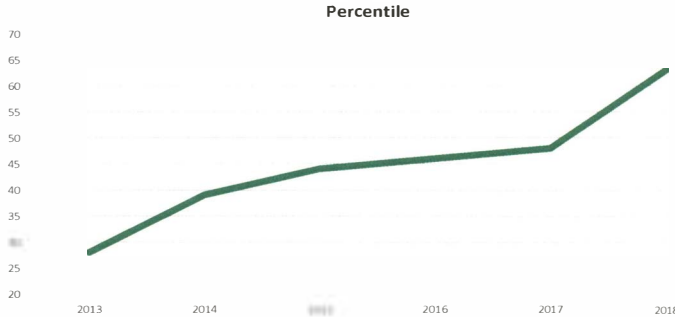
North Dakota's Healthcare Workforce Initiative

What is new is that we have a plan to address health care workforce issues



Retention of UND SMHS Medical Student Graduates for Practice In-State



Source: Association of American Medical Colleges Missions Management Tool 2018

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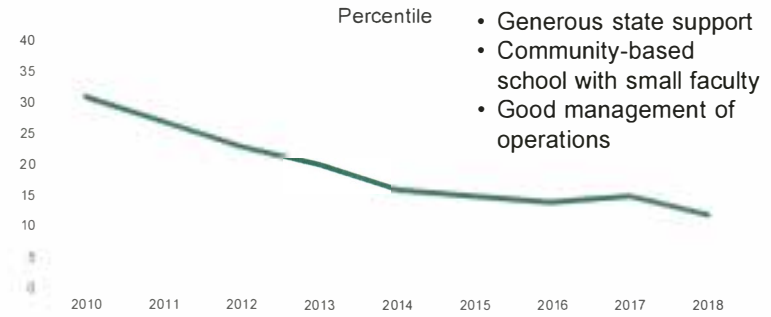
p 3

Medical Student Cost to Attend (In-state)



- Generous state support
- Community-based school with small faculty
- Good management of operations

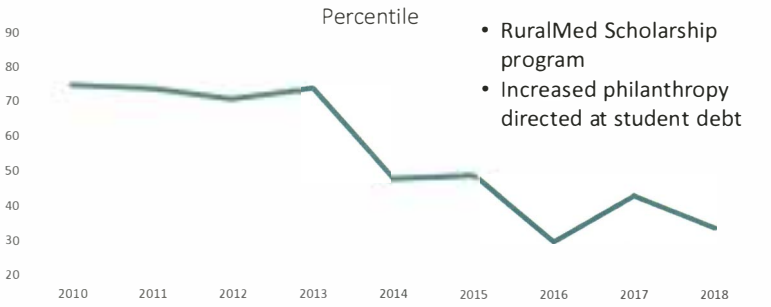
Source: Association of American Medical Colleges Missions Management Tools 2010-2018

UND SMHS Outcomes

Metric	Percentile Rank
Percent of graduates practicing in rural areas (graduates 2003–2007)	98th
Percent of graduates entering family medicine (2018)	100th

Source: Association of American Medical Colleges Missions Management Tool 2018

Medical Student Debt



- RuralMed Scholarship program
- Increased philanthropy directed at student debt

Source: Association of American Medical Colleges Missions Management Tools 2010-2018

UND SMHS Outcomes

Metric	Percent
Completion rate for medical students (MD program) (average of last three years)	95%
Completion rate for 4 major UND SMHS graduate programs (including MD) (average of last 5-7 years depending on program)	94%

Source: *Vital Signs – 2018 Community Report* prepared by UND SMHS

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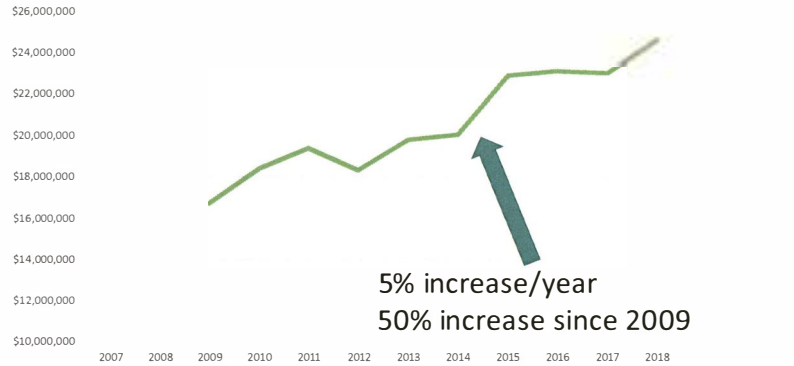
Value of the School and its Programs to the State

Providing healthcare professionals
- 72% of Family Medicine Physicians
- 44% of Physicians
- 52% of Physical Therapists
- 52% of Occupational Therapists
- 42% of Physician Assistants
- 40% of Medical Laboratory Scientists



UND School of Medicine & Health Sciences University of North Dakota

UND SMHS Sponsored Funding



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Research Funding – FY2007 to FY2018

- Over those 12 years, UND SMHS faculty and staff submitted $1,076,887,806 in grant requests (over one billion!).
- Over those same 12 years, they were awarded $254,002,454 in grants (over a quarter of a billion!).
- This is an effective yield of 24%!



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North Dakota's Healthcare Workforce Initiative Started in the 2011-13 Biennium

- Reduce disease burden ➔ focus on population health
  - Master of Public Health degree programs (UND and NDSU)
- Retain more healthcare provider graduates for North Dakota
  - RuralMed Program

UND School of Medicine & Health Sciences University of North Dakota

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Healthcare Workforce Initiative

- Train more healthcare providers
  - Medical student class increased by 16/year (total of 64)
  - Health sciences students increased by 30/year (total of 90)
  - Resident (post-MD training required prior to clinical practice) slots increased by a total of 35 (original plan was for 51)
- Improve the efficiency of the healthcare delivery system
  - Training in interprofessional healthcare teams
  - Developing "virtual care" approaches that bring the clinic to the patient rather than the other way around (especially important in rural areas)

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Implementation of Healthcare Workforce Initiative Over the Past 4 Biennia

- Increased class sizes by almost 25%
- Expanded medical student and other academic programs
  - Minot Integrated Longitudinal Experience (MILE) Program for medical students
  - Master of Public Health/new Department of Population Health
- Added new residency programs focusing on rural primary care and other clinical physician provider shortage areas in North Dakota
- Intensified clinician retention efforts
  - RuralMed program
- Intensified efforts to train providers dedicated to transforming health care delivery
  - Interprofessional teams
  - Virtual medicine

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Healthcare Delivery

- Improving the efficiency and effectiveness of healthcare delivery ➔ Perhaps most important
  - Transform the delivery of care
    - Increased utilization of non-physician providers, especially for routine care
    - Telemedicine
    - Personal devices (cell phones, etc.)
    - Emphasis on population health and behavioral determinants
    - Interprofessional healthcare teams

UND School of Medicine & Health Sciences University of North Dakota

Predictors of Rural Primary Care Physician Practice

- Systematic review of 284 full-text articles in the medical literature with in-depth review of 72 studies
- Found four predictive themes for rural primary care practice:
  - Personal characteristics or background
    - ✓ Growing up in a rural area
    - ✓ Prior interest in rural or family medicine practice
  - Financial factors
    - ✓ Loan repayment, scholarships, or other programs

Source: Goodfellow et al, Academic Medicine, 91:1313-1321, 2016

UND School of Medicine & Health Sciences University of North Dakota

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Predictors of Rural Primary Care Physician Practice

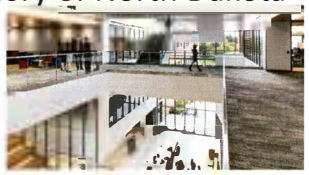
- Medical school curricula and programs
  - ✓ Family medicine specialty
  - ✓ Rural medicine program
- Graduate medical program (residency)
  - ✓ Family medicine rural track
  - ✓ Community health center exposure

Source: Goodfellow et al, Academic Medicine, 91:1313-1321, 2016

UND School of Medicine & Health Sciences University of North Dakota

Summary of Impact of HWI over the Past Decade

- Constructed the largest government-funded building project in the history of North Dakota*
  - ✓ Project finished on time
  - ✓ Project finished on budget
  - ✓ Project finished without significant incidents



"We shape our buildings and afterwards our buildings shape us." (Winston Churchill)

*In nominal dollars

UND School of Medicine & Health Sciences University of North Dakota

Summary of Impact of HWI over the Past Decade

- ✓ Helped improve the health of North Dakotans
  - –ND moved up five spots from #18 to #13 healthiest state in the nation*
- ✓ Retained more physicians and other clinicians for practice in North Dakota
- ✓ Trained more physicians and other clinicians for practice in North Dakota
- ✓ Improved the efficiency of healthcare delivery

*Source: America's Health Rankings 2018

UND School of Medicine & Health Sciences University of North Dakota

UND SMHS Budget Adjustments

- How did we adjust to the FY18-19 budget reduction?
  - Voluntary staff and faculty separations
  - Increased operational efficiencies
  - Reduced implementation of programs
    - Only able to fund 35 of the 51 approved residency slots
- Needs-based budget proposed by NDUS implicitly incorporates spending reductions because of increased operational expenses. This will be addressed through:
  - Additional operational efficiencies
  - Elimination of specific recruitment positions (e.g., Associate Dean for Research)
  - Expectation of increased self-generated (non-general fund) dollars

UND School of Medicine & Health Sciences University of North Dakota

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Limited Options for UND SMHS Budget Adjustments

- Available options
  - Admit additional students
  - Admit out-of-state students
  - Increase tuition
  - Eliminate programs

Our Goals

- To be the best community-based school in the country
- To continue to be an innovator in education (with a focus on interprofessional teams)
- To continue to develop focused programs of research excellence
- To serve the people of North Dakota and beyond
  - Rural health
  - Healthcare workforce
    - Primary care (especially family medicine)
  - Health promotion
    - Interprofessional care
    - Virtual care

UND SMHS Degree Programs

1. Doctor of Medicine
2. Physical Therapy
3. Occupational Therapy
4. Medical Laboratory Science
5. Physician Assistant Studies
6. Sports Medicine/Athletic Training
7. Master of Public Health
8. Graduate programs in biomedical sciences/pathology

Our Purpose as a School

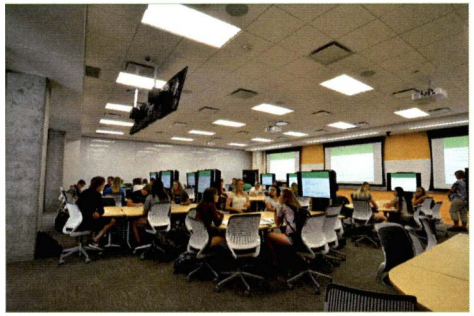
"The primary purpose of the University of North Dakota School of Medicine and Health Sciences is to educate physicians and other health professionals and to enhance the quality of life in North Dakota. Other purposes include the discovery of knowledge that benefits the people of this state and enhances the quality of their lives."

Source: North Dakota Century Code Section 15-52-01

#1 HB 1003 3-18-2019 pg 8 School of Medicine

Our Purpose as a School

- Educate
- Discover
- Serve



UND School of Medicine & Health Sciences University of North Dakota

Metrics of Success

- Discover (Research)
  - By 2025 rank in the top 4 of all public community-based medical schools in the US in sponsored (grant) funding
    - Currently in the top quarter (78th percentile)
- Service (Healthcare Workforce Initiative)
  - Ensure an adequate supply and distribution of healthcare providers* throughout ND and the region by 2025
  - Generate at least $2 of other funding for every $1 of funding from general fund (ROI of ≥200%)

*Including virtual care

UND School of Medicine & Health Sciences University of North Dakota

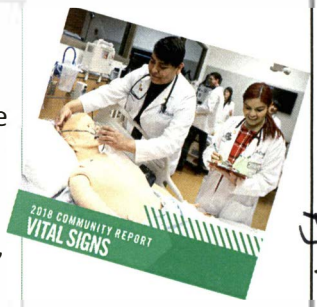
Metrics of Success

- Educate
  - Medical and health sciences graduates meet or exceed accepted standards on nationally recognized exams measuring academic progress
  - Exceed national average of medical students going into family medicine by 100% (i.e., at least double)

UND School of Medicine & Health Sciences University of North Dakota

Assessing Our Results

- Annual report prepared in December of each year
- Called *Vital Signs,* it is a way for stakeholders to "take the pulse" of the UND SMHS
- Incorporates a variety of objective metrics to assess the progress of the UND SMHS in meeting its educational, research and scholarly, and service missions and obligations



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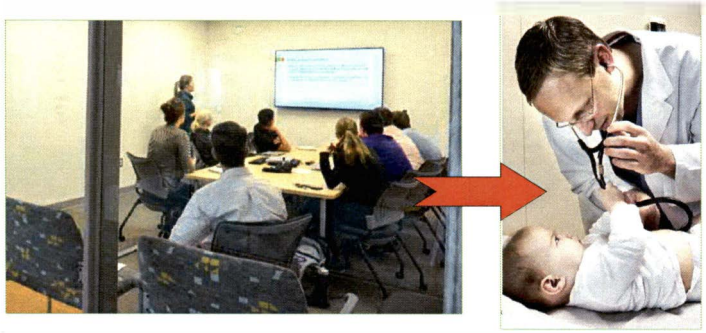
Our Mission for the last 114 years:



Responsibilities of the UND SMHS Advisory Council

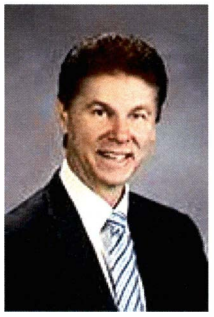
"The advisory council…shall study and make recommendations regarding the strategic plan, programs, and facilities of the school of medicine…The recommendations must:

(1) Address the health care needs of the people of the state;

(2) Provide information regarding the state's health care workforce needs; and

(3) Provide information that specifies the contributions that the university of North Dakota school of medicine and health sciences and the residency training programs in the state are making to meet the health care provider workforce needs of the state."

Source: North Dakota Century Code Section 15-52-04



David Molmen, MPH

Chair, UND SMHS Advisory Council
Trustee, American Hospital Association
Former CEO, Altru Health System, Grand Forks, ND

UND SMHS Budget Proposal

- The HWI involved an agreement between the School and the legislature for increased healthcare clinicians and healthcare programming for North Dakota provided by the UND SMHS to be supported by increased financial resources provided by the state.
- The UND SMHS is keeping its side of the agreement.
- Now the state needs to do the same.
- The School is not asking for more to do less; it is asking for the necessary funding so it can do even more.

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Recommendations
UND SMHS Advisory Council Meeting 12/3/18

1. The highest recommendation is to provide the requisite funding for the UND SMHS and the Healthcare Workforce Initiative (HWI) by approving the fully funded **needs-based budget** contained in engrossed HB1003.

2. It is important that *all* of the HWI funding is in **"base"** rather than some in "one-time" funding (as specified in engrossed HB 1003). This is important because we make longitudinal commitments to students/residents and faculty that extend beyond the biennial budget cycle.

UND School of Medicine & Health Sciences, University of North Dakota

Comparison of UND SMHS Medicine Faculty Salaries

UND Department	Public Medical Schools
Basic Sciences Faculty	-18%
Clinical Faculty	-8%

Source: Association of American Medical Colleges Adjusted FY 2017-18 public medical schools mean salary survey data

UND School of Medicine & Health Sciences, University of North Dakota

Recommendations
UND SMHS Advisory Council Meeting 12/3/18

3. To ensure the recruitment and retention of high-performing faculty and staff, it is important to endorse **salary merit increases**. Because such funding does not cover all of the associated costs (non-appropriated salary sources and health insurance premium increases), the UND SMHS is prepared to absorb the additional expense associated with this proposal.

UND School of Medicine & Health Sciences, University of North Dakota

Recommendations
UND SMHS Advisory Council

Endorsement of these three funding recommendations by the ND Legislature will enable the UND SMHS to continue its efforts to provide the necessary healthcare workforce and programing to improve the quality of life of North Dakotans (as specified in the North Dakota Century Code).

UND School of Medicine & Health Sciences, University of North Dakota

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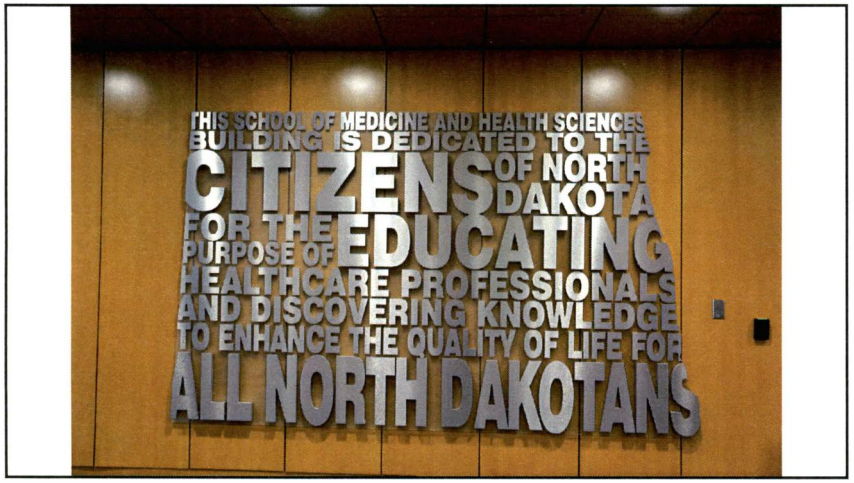

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FACT SHEET WITH Q&As

Physician Education

Physician education throughout the United States is divided into four phases that follow each other sequentially over the professional life span of a doctor:

- Undergraduate (college)—This typically requires four years. However, there are a number of combined undergraduate and medical school programs that can shorten the time span; Dr. Wynne, for example, is a graduate of the Boston University combined program and entered medical school after only two calendar years of undergraduate education.
- Medical school—This typically requires four years as well. A few schools shorten the time required to three years. Medical school education (also called undergraduate medical education or UME) typically is divided into halves—the first two years principally are in the classroom and for UND SMHS students takes place mainly in the new building in Grand Forks. These years often are called "pre-clinical," even though our students have patient contact beginning in their very first week of classes. The second two years are the clinical years, and take place in clinics and hospitals across the state. The UND SMHS operates four regional campuses to coordinate these teaching activities, in Grand Forks, Fargo, Bismarck, and Minot. In addition, students with a particular interest in rural practice participate in our Rural Opportunities in Medial Education (ROME) program, and they study and learn in a variety of rural communities throughout the state.
- Residency (also known as graduate medical education or GME)—In order to practice medicine in the United States, students who have graduated from medical school (and thus are allowed to use the title "Doctor") must complete additional training after graduation in a specific area of medicine (such as family medicine, surgery, or pediatrics). This additional training is called a residency; older terms for various phases of residency training include "intern" and "fellow." The level of training of a resident often is identified by what year of training they are in following medical school graduation, so a resident in the first year of training after graduation is referred to as a PGY1 (meaning first post-graduate year resident). Depending on the specialty choice of the resident, the trainee may need to complete several sequential residencies (so a doctor who wants to be a cardiologist, for example, would complete three years of internal medicine residency and then three [or more] years of cardiology residency). Most residencies (for example, internal medicine, family medicine, and pediatrics) are three years; surgery is five years. One of the fundamental concepts that differentiates residency training from

college or medical school is that residents are paid a stipend, while college and medical students pay tuition.

- Continuing Medical Education (CME)—CME consists of the additional education and assessment of knowledge that is required of practicing physicians in order to maintain a license to practice medicine.

Questions and Answers About Residency

Q. How does a medical student get into a residency?

A. Most residency slots in the United States are apportioned through a computer matching process operated by the National Resident Matching Program (NRMP). This program collects match lists composed by residency programs and those composed by medical student applicants who apply to residency during their fourth (and last) year of medical school. The NRMP computer "matches" students with residency slots using the following principle: a student is matched to the highest residency choice on the student's list that has ranked the student sufficiently high so that there is an available slot in that residency for the student.

Q. How are residency slots funded?

A. Most residency slots are funded through the Medicare program and are based on a cost report submitted by the participating hospital. In some states (but not North Dakota), Medicaid funding is used as well. The number of slots and associated funding were largely frozen by the Balanced Budget Act (BBA) of 1997. Residency slots that are added above the "cap" established by the BBA must be paid for using other sources of funding; this often is from hospital resources, state general funds, physician practice income, or other ancillary funding sources.

Q. Why is North Dakota funding additional residency slots?

A. Because it is one of the very best ways to retain more doctors for practice within the state, especially primary care (family medicine) doctors. Thus funding residency positions is directly related to increasing the distribution of physicians in the state, especially in rural areas. How so? Because the retention of doctors practicing in North Dakota increases dramatically if they complete both medical school and a residency in the state. About one out of three students

completing just medical school here eventually practices within North Dakota. If an out-of-state medical school graduate completes just a residency here, there is a little less than a one in two chance of the doctor practicing here. **But, if a doctor completes both medical school and residency here, there is a two out of three likelihood that the doctor will practice here.**

Q. Why are the additional slots needed?

A. Because we don't have enough slots for all of our graduating medical students. Before the expansion of our residency slots through the Healthcare Workforce Initiative (HWI), we had residency slots available for only half of the members of our graduating class of medical students. That meant that half the class had to leave the state to complete their residency. Our ratio of 0.5 residency slots/graduating medical student was far below the national average of 1.0 (meaning that there was at least one residency slot available for every medical student graduate if he or she wanted it), and placed us at the bottom of the heap compared with other states. We ranked 45th out of 45 of the states in the United States with medical schools! (Note that even as we increase the number of residency slots, some members of the class will still go out-of-state for residency; those who want to enter radiology or pediatrics, for example, must go out-of-state because we don't have those residencies available in North Dakota. But at least all who'd like to stay will be able to with the increased number of slots).

Q. How can North Dakota justify the expense associated with the residency? Is it sustainable in the long run?

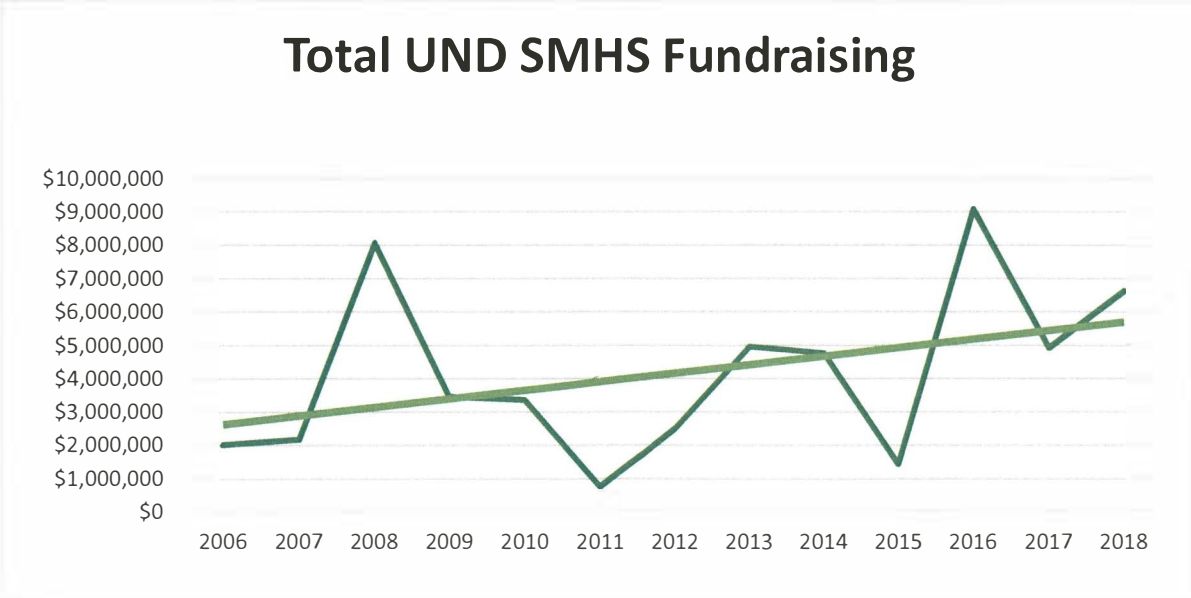
A. Although the UND SMHS continually looks for other sources of funding for the residency expenditures, even if none are found, funding for the residencies still makes sense. First, it will be impossible to retain (let alone attract) younger citizens and families to North Dakota without physicians and good healthcare. But it even makes good economic sense. At present, the HWI will graduate about 11 residents per year. The cumulative expenditures for those graduates will be around $5 million. Of the 11 graduates, we will retain 8. National surveys have shown that each physician generates around $2.25 million in annual economic activity, or around $18 million for all eight. So over ten years, the return on a $5 million investment will be nearly $200 million dollars in economic activity for North Dakota!

Questions and Answers About Philanthropy

Q. Why did the UND SMHS designate an increase in student scholarships as its main philanthropic goal over the last decade? Why not use those funds for, say, defraying the cost of programs (that is to say, operational costs)?

A. The reason that the UND SMHS strove to increase scholarships for students was directly related to the purpose statement established for the School in the North Dakota Century Code: "…to educate physicians and other health professionals and to enhance the quality of life in North Dakota" (Source: NDCC 15-52-01). In order to increase the number of medical graduates practicing in North Dakota, especially in the rural areas, it is critical to eliminate roadblocks that impede that pathway. And a high level of educational debt is widely recognized as a major barrier to rural primary care practice. A review by Goodfellow and others in *Academic Medicine* (*91*:1313–1321, 2016) identified mitigation of student debt as one of four critical factors that enabled and encouraged rural primary care practice. Despite low cost to attend, UND medical students had higher than average educational debt (the average medical school debt in the United States is around $170,000). Accordingly, we used the naming opportunities provided by the new building to acknowledge those donors who contributed to the UND Alumni Association and Foundation on behalf of the UND SMHS, and thus to increase our scholarship offerings.

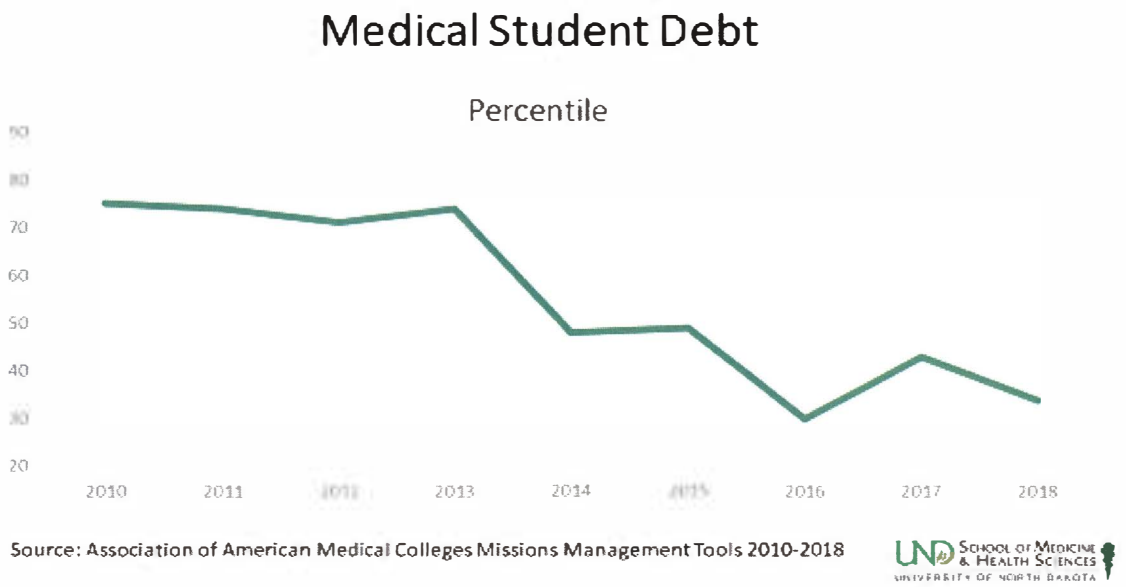
Q. How successful was the fund-raising effort?



A. It was spectacularly successful (see graph above with yearly totals and a trend line)! Note that the yearly average of donations shown on the trend line has increased from around $3 million to almost $6 million. The UND SMHS has raised more money through philanthropy in the last few years than ever in its history. As a consequence of being able to use the naming rights in the new building to attract potential donors, we raised $8.44 million. An additional $2.34 million came from the ND Challenge Fund for a total of $10.78 million—the great majority of which (34 of the 38 named spaces) support student scholarships.

Q. So, what happened to medical student debt?

A. As a consequence of the increased philanthropy, scholarships were increased. This, along with the RuralMed Scholarship Program funded by the North Dakota Legislature, resulted in a precipitous fall in the cumulative debt of medical students, falling from well above average (around the 75th percentile) to well below average (around the 33rd percentile; see graph below).



This should translate into more doctors practicing in rural North Dakota.

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Further Details Regarding ND Residencies

	Biennial Numbers
Number of residents in North Dakota GME programs before HWI program implementation (UND programs [196] and associated program thru Altru Health System [36])	232
Number of HWI residents on contract in 2019–21	70
Average Cost of each resident position for 2019–21 (Note that this cost is very much in keeping with national cost estimates per residency slot)	$152,517

Average Cost per Resident Summary

Average Cost of each resident stipend and fringe benefits: $78,500. (Stipend: $61,774; Benefits: $16,726)

Average cost of each Resident for faculty supervision, administrative support, and operating costs: $74,017

Composition of Medical Student Class of 2022

Category	Percent of Class
ND resident	67%
ND resident or ties to ND	85%
MN resident	10%
WICHE	6%
INMED	7 slots (out of 78)

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HEALTH ISSUES FOR THE STATE OF NORTH DAKOTA



SCHOOL OF MEDICINE & HEALTH SCIENCES
ADVISORY COUNCIL

Center for Rural Health
University of North Dakota
School of Medicine and Health Sciences

UND SCHOOL OF MEDICINE & HEALTH SCIENCES
UNIVERSITY OF NORTH DAKOTA

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SCHOOL OF MEDICINE & HEALTH SCIENCES

ADVISORY COUNCIL

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Disclaimer

This *Biennial Report* represents the good-faith effort of the UND School of Medicine and Health Sciences and its Advisory Council to provide current and accurate information about the state of healthcare in North Dakota. Numerous sources were used in gathering the information found in this *Report*. We welcome corrections, which we will incorporate in subsequent editions of the *Biennial Report*.

Acknowledgement

We acknowledge the exceptional contributions of the following individuals in the preparation of the *Report*: Mandi-Leigh Peterson, Robin Besse, Karen Vanderzanden, Nathan Fix, Sonja Bauman, Kristen Leighton, and Delphine Tamukong of the North Dakota Healthcare Workforce Group; Dr. Tom Mohr, associate dean for Health Sciences; Dr. Rashid Ahmed, associate dean of research, Dr. Jana Zwilling, and Dr. Rhoda Owens, of the College of Nursing and Professional Disciplines; Brad Gibbens, of the Center for Rural Health; Jessica Sobolik and Brian Schill of the Office of Alumni and Community Relations; and Laura Cory of Information Resources. In addition, we thank Dr. Gary Schwartz, chair of the Department of Population Health; Rebecca Quinn, Dr. Shawnda Schroeder, and Lynette Dickson of the Center for Rural Health.

Cover photo courtesy of North Dakota Tourism.

EXECUTIVE SUMMARY*

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North Dakota (ND), like the rest of the country, is facing a major healthcare delivery challenge—how to meet a burgeoning need for healthcare services now and especially in the future with a supply of physicians and other healthcare providers that has not kept pace with the growing demand. The problem is particularly important in rural and western parts of North Dakota, where there has been a chronic shortage especially of primary care providers dating back for many decades. The data that were reviewed for this report illustrate two major problems in North Dakota. One problem is an inadequate number of healthcare providers; however, the larger problem is a maldistribution of providers. The data show that healthcare providers are disproportionately located in the larger urbanized areas of the state, leaving many rural areas with a shortage. Without direct intervention, the difficulty of providing adequate healthcare in North Dakota will worsen over the coming decades from the combination of aging of the population (including aging and eventual retirement of the healthcare workforce) along with localized population growth in the Oil Patch and the cities, both of which will increase the demand for healthcare services in those areas.

However, unlike much of the rest of the country, North Dakota is directly addressing its healthcare delivery challenges through the implementation of a well-vetted plan for healthcare workforce development and improved healthcare delivery. That plan, the Healthcare Workforce Initiative (HWI), was an outgrowth of both the *First* and *Second Biennial Reports on Health Issues for the State of North Dakota*. Phase I of the HWI, which began by increasing medical and health sciences class sizes along with increasing residency (post-MD degree training) slots, has been fully implemented. Phase II of the plan, which includes full class size expansion and further growth of residency slots in the state, has been implemented as well. The HWI should, in the future, decrease North Dakota's healthcare delivery challenges through attainment of its four goals: 1) reducing disease burden, 2) retaining more healthcare provider graduates for care delivery within the state, 3) training more healthcare providers, and 4) improving the efficiency of the state's healthcare delivery system through an emphasis on team-based care delivery approaches. To accommodate the substantial class size expansions associated with the HWI, a new University of North Dakota (UND) School of Medicine and Health Sciences (SMHS) facility was completed in 2016 and is fully functional on UND's Grand Forks campus. The largest government-funded building construction project in the state's history, it was completed on time and on budget.

In accordance with the expectations specified in the North Dakota Century Code (NDCC 15-52-04), this *Fifth Biennial Report on Health Issues for the State of North Dakota (Report)* updates the first four *Reports* with an assessment of the current state of health of North Dakotans and their healthcare delivery system, along with an analysis of the steps that need to be taken to ensure that all North Dakotans have access to high-quality healthcare at an affordable cost in the future.

Demographics of North Dakota: The *Report* begins with an updated analysis of the population demographics in North Dakota, utilizing the most recently available data. Standardized definitions are used to define the state's population—metropolitan to denote areas with a core population of 50,000 or more; micropolitan (or large rural) to denote areas with core populations of 10,000 to 49,999; and rural to denote areas with less than a population of 10,000. Fifty percent of North Dakota's current population resides in metropolitan areas, with a little more than a quarter (26%) located in rural areas. This represents a dramatic change, where only a few decades ago, more than half of the state's population was located in rural areas. North Dakota is one of the least densely populated states in the country, ranking 49th in population density, and is tied for fourth in the country in the percentage of its state population that is 85 years of age or older. Because demand for healthcare increases proportionally with age, demand for healthcare services is especially pronounced in North Dakota. Such needs will only increase as the state's citizens grow older. People in rural regions of North Dakota are generally older, poorer, and have less or no insurance coverage than people in non-rural areas, all of which are challenges to providing adequate healthcare. Rural regions continue to experience depopulation, which will only exacerbate the current problem of healthcare access and delivery.

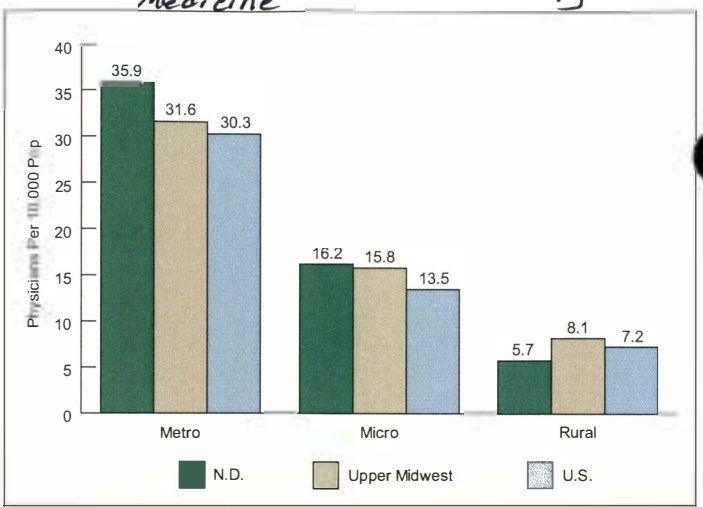
* The full *Report*, along with all supporting data, is available at med.UND.edu/publications/biennial-report.

The Health of North Dakota: The health of North Dakotans, in comparison with the rest of the United States, generally is good. North Dakotans have a slightly lower prevalence of diabetes than the rest of the United States and are less likely to report fair or poor health. However, North Dakotans tend to have a higher risk of some types of cancer and a mortality rate that exceeds the national average. Behavioral risks tend to increase as population density decreases; rural areas have the worst behavioral risk, with an increased frequency of obesity, smoking, and alcohol consumption, especially in males.

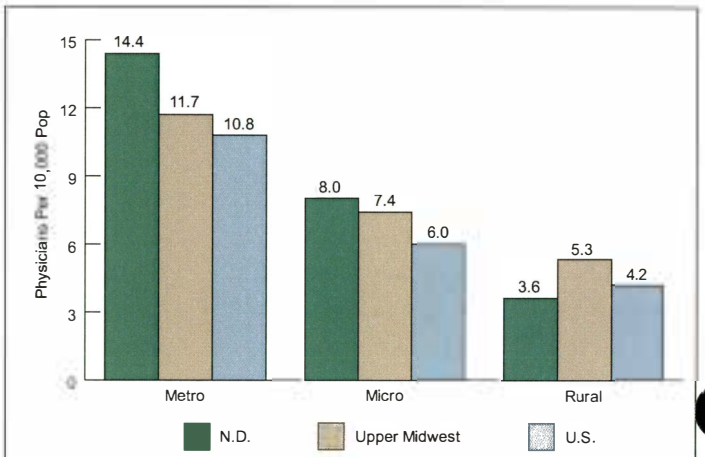
Physician Workforce: The physician workforce in North Dakota has fewer physicians per 10,000 population than the United States as a whole or the Midwest comparison group, and although the gap had narrowed over the past three decades, it recently widened. Our physicians are older and more likely to be male than elsewhere in the United States. About one-fourth of the physician workforce is made up of international medical graduates, a little higher than the rest of the country. The UND SMHS is an important source of physicians for the state, accounting for 47% of the more than 1,000 physicians practicing in North Dakota who graduated from a U.S. medical school. The Rural Opportunities in Medical Education (ROME) program has had 144 participants, of which 88 are currently practicing medicine. Of those, 66% are practicing in primary care, and 29% are practicing in rural areas.

About 44% of the physicians in North Dakota received some or all of their medical training (medical school or residency or both) in-state. The patient-to-physician ratio is not equally distributed across the state. Micropolitan areas have about twice as many patients per physician as metropolitan areas, while rural areas have about five times as many. Predictions of an inadequate future physician supply has helped garner support for the HWI. Without the effects of the HWI, current estimates indicate a shortage of some 260 to 360 physicians by 2025, the consequence of a heightened need for healthcare services as the Baby Boom generation ages, but also from retirements in the aging physician workforce (one-third of the physicians in North Dakota are 55 years of age or older). If the population of North Dakota increases to 800,000 people at some point in the future, as predicted, around 500 additional physicians will be needed.

Primary Care Physician Workforce: The state's primary care physicians include family medicine, general internal medicine, and general pediatrics. Compared with the rest of the country, North Dakota has more primary care physicians when normalized to the population size. Their density is significantly higher than either comparison group in metropolitan regions; it is only in rural areas where North Dakota significantly lags the Midwest comparison group. Although primary care physicians in North Dakota are more likely to practice in rural areas compared with specialist physicians, they still are twice as likely to be found in urban regions than rural



Physicians per 10,000 population for North Dakota, with comparisions.



Primary care physicians per 10,000 population in North Dakota, with comparisons.

areas. Residency training in North Dakota is an especially important conduit of primary care physicians, since nearly half (45%) of them have completed a residency within the state; more than half went to medical school at UND, completed an in-state residency, or did both.

North Dakota has relatively fewer specialists than the Midwest or the rest of the United States in certain specialties, including obstetrics-gynecology. We have about the same relative number of psychiatrists as other Midwest states, although two-thirds of them work in the eastern part of the state, leaving the western parts of North Dakota with a relative shortage.

Nursing Workforce: The state's nursing workforce was examined using a new hospital survey and new licensure data. A majority of hospital nurses are licensed practical nurses (LPNs) or registered nurses (RNs). There was a vacancy rate of greater than 10% for all levels of nurses. North Dakota institutions train a majority of the state's nursing workforce. A majority of RNs and LPNs were trained in state, with a majority working in an in-patient setting. A majority of nurse practitioners were trained in North Dakota with a majority working in primary care.

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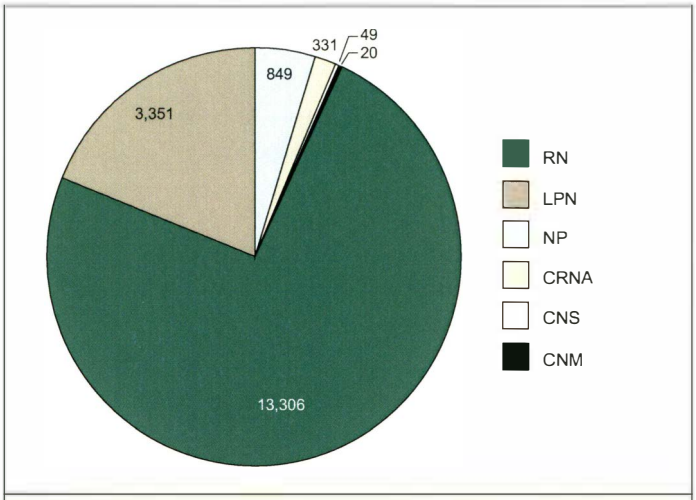
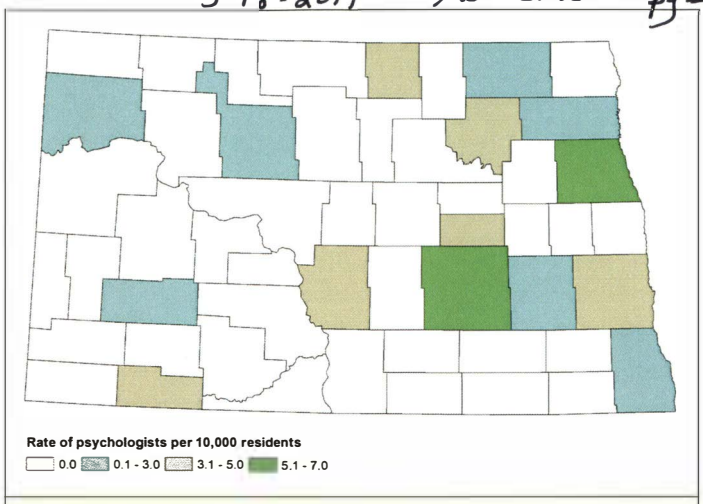
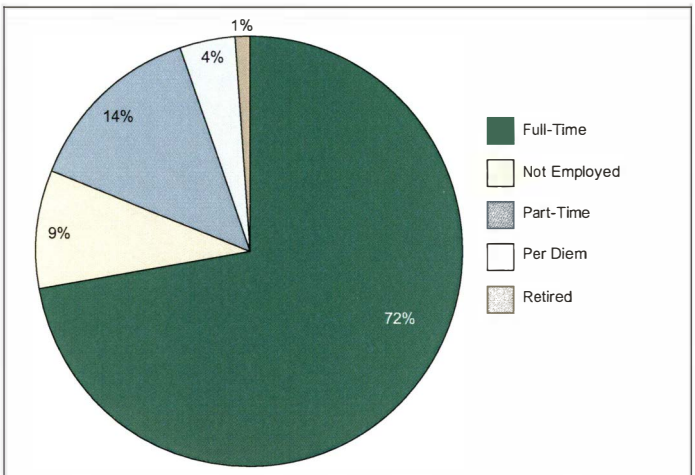


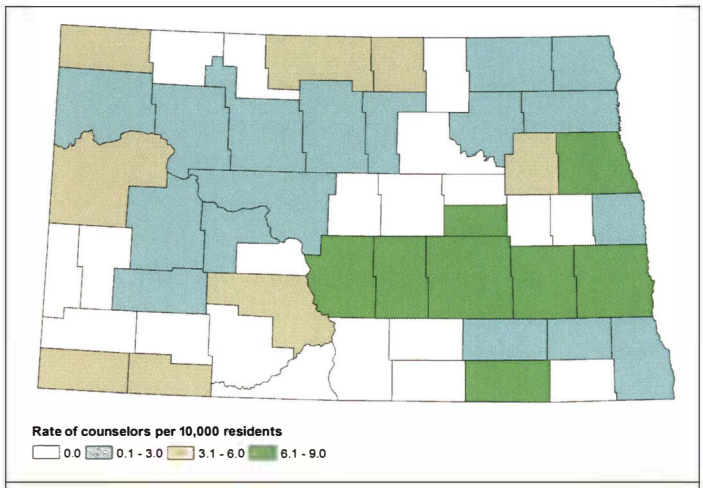
Total numbers of licensed nurses in North Dakota by degree.



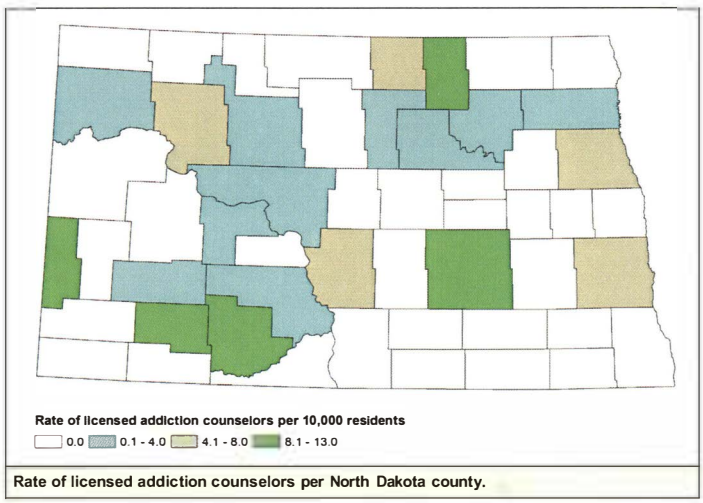
Rate of psychologists per North Dakota county.



Employment status totals for all nursing roles.



Rate of counselors per North Dakota county.



Rate of licensed addiction counselors per North Dakota county.

Psychiatrists, Behavioral Health, and Non-Physician Healthcare Workforce: A majority of the data reported are from professional licensure boards and is new to the current *Report* or expanded from previous *Reports*. Most behavioral health professionals are found in urban areas. This includes psychiatrists, psychologists, counselors, licensed addiction counselors, and social workers. More than half of all social workers were trained in North Dakota. Almost three-quarters of the physical therapists and physical therapist assistants were trained in North Dakota, with half having received training at UND. Of those physician assistants trained in North Dakota, half practice in rural areas and 38% practice in rural primary care.

Healthcare Facility Workforce: Nursing facilities and hospitals typically rely on external contract employees, along with physical therapists, occupational therapists, and speech therapists as the most common external contract employees. The highest turnover rate was found with nurse assistants, which were the most difficult positions to fill.

Healthcare Organization and Infrastructure: Healthcare in North Dakota is delivered through more than 300 ambulatory care clinics, 52 hospitals, 80 skilled-nursing facilities, 68 basic-care facilities, and 72 assisted-living facilities, supported by an array of EMS providers, trauma centers, 28 public health units, oral health providers, mental health providers, and pharmacies. Generally, the further the facility is from a metropolitan area, the more its operation is threatened by financial and other pressures, including staff recruitment and

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retention. Rural health organizations tend to be small in size but have a significant impact on both the health of individuals and the economic base of the community.

Healthcare Policy: Nationally, the health delivery system is going through profound change. Improvements in population health and a realignment of provider payments to incorporate those improvements is a new and fundamental reality. The quality and safety of care delivered in a healthcare system is directly associated with improving and maintaining overall health status. In a complex healthcare system, there are a number of concerns, such as the availability of providers; access to care and health services, technology, and treatment advancement; and the financial dimensions of affordability and payment. Each of these is a contributing factor in the overall strategy to be considered when reforming or redesigning the health system. In addition, the quality of care provided to the population and the patient outcomes produced are equally important facets of reform.

The statewide problem of unmet mental and behavioral health needs, especially related to the burgeoning opioid abuse issue, is highlighted in the current *Report*. One approach already implemented through the HWI is to bring the often rural patient to the provider through the use of telepsychiatry. The UND Department of Psychiatry and Behavioral Science has implemented training in telepsychiatry for all of its residents so that they will be able to utilize this effectively in clinical practice.

The quality of healthcare delivered in North Dakota is as good as or better than much of the United States, but there appears to have been a decline in several measures in the past few years, particularly in the delivery of certain acute-care services. North Dakota (along with other upper Midwest states) generally provides high-quality care at relatively lower cost than other states in the United States. North Dakota ranked 22nd in the country in a recent assessment undertaken by the Commonwealth Fund (down from 9th in 2009).

The *Report* concludes with a strong ongoing endorsement of the HWI and a recommendation to continue its funding by the 66th Legislative Assembly. One component of the HWI—the RuralMed medical school scholarship program—is cited in particular for its positive results in rural physician recruitment. An important issue for consideration by the 66th Legislative Assembly is the effect of the state's current financial status on funding for the HWI. Because of the required budget allotment process during the 2015–2017 biennium that amounted effectively to more than a 10% budget reduction, 19 approved residency slots (post-MD degree training) could not be funded. The budget submitted by the UND SMHS for the 2019–2021 biennium and endorsed by both UND and the State Board of Higher Education has been structured to make current funding levels permanent (that is, part of base funding) and thus allow a continuation of the various vital healthcare educational programs of the UND SMHS. It will be up to the 66th Legislative Assembly to weigh the merits of full funding of the HWI in relation to the other funding priorities. The UND SMHS Advisory Council strongly supports full funding of the HWI as requested in the submitted UND SMHS budget.

AN ELECTRONIC VERSION OF THE COMPLETE REPORT IS AVAILABLE AT MED.UND.EDU/PUBLICATIONS/BIENNIAL-REPORT.

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Dedication plaque at the entrance of the new UND School of Medicine & Health Sciences building in Grand Forks, N.D.

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Director, Master of Public Health Program

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VA Medical Center and Affiliated Clinics Representative

The primary purpose of the University of North Dakota School of Medicine and Health Sciences is to educate physicians and other health professionals and to enhance the quality of life in North Dakota. Other purposes include the discovery of knowledge that benefits the people of this state and enhances the quality of their lives.

—North Dakota Century Code (Section 15-52)

Educate

- More than 1,200 part-time or volunteer clinical faculty in more than 30 communities throughout the state help to educate medical students and residents.
- There are four clinical campuses located in Bismarck, Fargo, Grand Forks, and Minot.
- Health sciences students receive training not only in North Dakota but also across the country, including occupational therapy and public health programs in Casper, Wyo., and a medical laboratory science program at Mayo Clinic in Rochester, Minn.
- The School's patient-centered-learning curriculum is nationally recognized for producing caring, patient-centered, and dedicated practitioners.
- The School uses the latest in simulation technology for interprofessional teaching and serves as a valuable resource for healthcare professionals throughout North Dakota and the region.
- Interprofessional learning activities, including an interprofessional healthcare course and simulation activities, provide students with a strong practical understanding of the various healthcare professionals on their team.

Discover

Areas of Research Strength

- Aging
- Cancer
- Environmental influences on health
- Health disparities in rural and American Indian communities
- Infectious diseases
- Neurodegenerative disorders

The School has facilities for the study of drug addiction and neurodegenerative diseases such as Parkinson's, Alzheimer's, multiple sclerosis, and epilepsy. Faculty at the UND SMHS not only publish their research in leading journals each year but apply for and are awarded tens of millions of dollars in grants from agencies such as the National Institutes of Health, the Centers for Disease Control and Prevention, and the Department of Health and Human Services. In 2018, researchers received grants dedicated to projects studying cancer, infectious disease, and epilepsy, among other awards.

The School's Department of Biomedical Sciences was awarded the UND Departmental Award for Excellence in Research in 2018.

Serve

- The School improves the health and healthcare of North Dakotans through research, community engagement, and prevention programs.
- Direct primary care to North Dakotans is provided through its family medicine clinics in Bismarck and Minot.
- The School leads the nation in rural health through the Center for Rural Health (CRH), one of the nation's best. It is home to seven national programs: the National Resource Center on Native American Aging, the National Indigenous Elder Justice Initiative, the Rural Health Information Hub, the Rural Health Research Gateway, the Rural Health Reform Policy Research Center, the Seven Generations Center of Excellence in Native Behavioral Health, and TruServe, a web-based information tracking system that is now used by most state offices of rural health. CRH works to develop capacity and skill at the rural community level through education, training, assessment, planning, and evaluation. Primary focus areas include community development, research, evaluation, policy, and education.
- The Center for Rural Health is a UND Center of Excellence in Research, Scholarship, and Creative Activity, and in 2013 was awarded the UND Departmental Award for Excellence in Research.

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The UND School of Medicine and Health Sciences is one of 28 medical schools in the country that is community-based, meaning we don't own or operate our own hospital. Rather, we partner with healthcare providers in the community to educate our students.

Graduate Programs

Doctor of Philosophy and Master of Science degrees in Biomedical Sciences, with specializations in:

- Inflammation and Infectious Disease
- Neuroscience and Neurodegenerative Disease
- Epigenetics
- Molecular and Cellular Biology

Doctor of Philosophy and Master of Science degrees in Clinical and Translational Science, with specializations in:

- Molecular and Pathological Basis of Human Disease
- Bioinformatics and Human Population Genetics

Medical Doctor (MD) Program

All medical students spend their first two years in Grand Forks. They learn through lectures, laboratories, patient simulations, and in patient-centered-learning groups, where basic and clinical sciences are taught in the context of patient cases. They then spend two years of clinical training in Bismarck, Fargo, Grand Forks, Minot, or a rural community through the Rural Opportunities in Medical Education (ROME) Program.

Master of Public Health

The UND SMHS Master of Public Health program is designed to prepare students to respond to the growing demand for public health professionals who can promote health and wellness through population-based approaches.

Health Sciences

Athletic Training

- Four-year Bachelor of Science

Medical Laboratory Science

- Four-year Bachelor of Science or post-baccalaureate certificate
- Categorical Certificate
- Master of Science
- More than 60 clinical training sites in 10 states with more than half in North Dakota and the surrounding region

Occupational Therapy

- Two year pre-occupational therapy program and three year Master of Occupational Therapy
- Three year pre-occupational therapy program and three year Occupational Therapy Doctorate (starting Aug. 2019)

Physical Therapy

- Three-year pre-physical therapy and three-year Doctor of Physical Therapy

Physician Assistant Studies

- Two-year Master of Physician Assistant Studies

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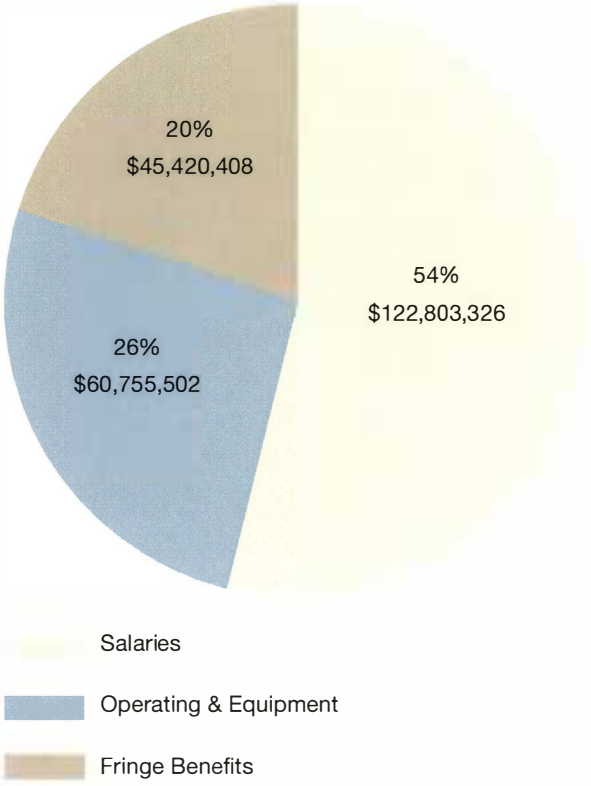
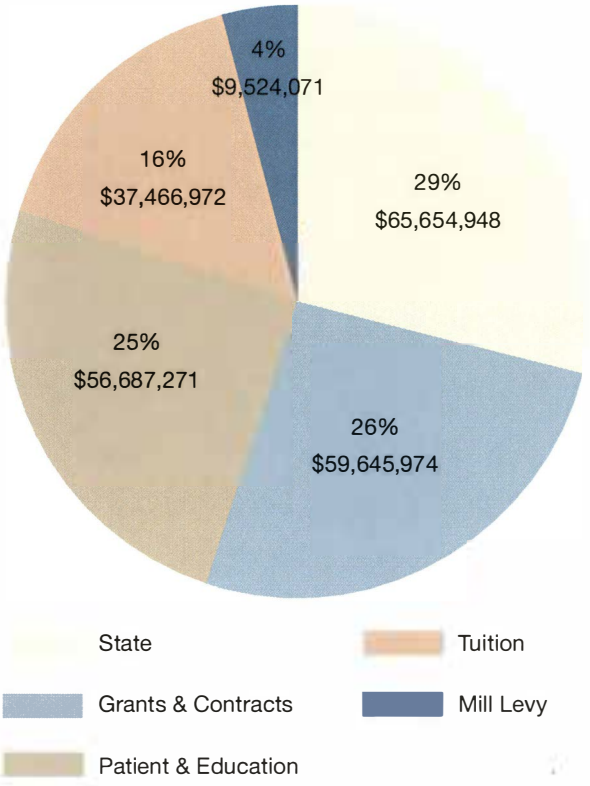
Our biennial budget is $228,979,236. The majority comes from non-state sources such as grants, contracts, patient revenue, and tuition.

Estimated Expenditures: 2017–2019
Total: $228,979,236

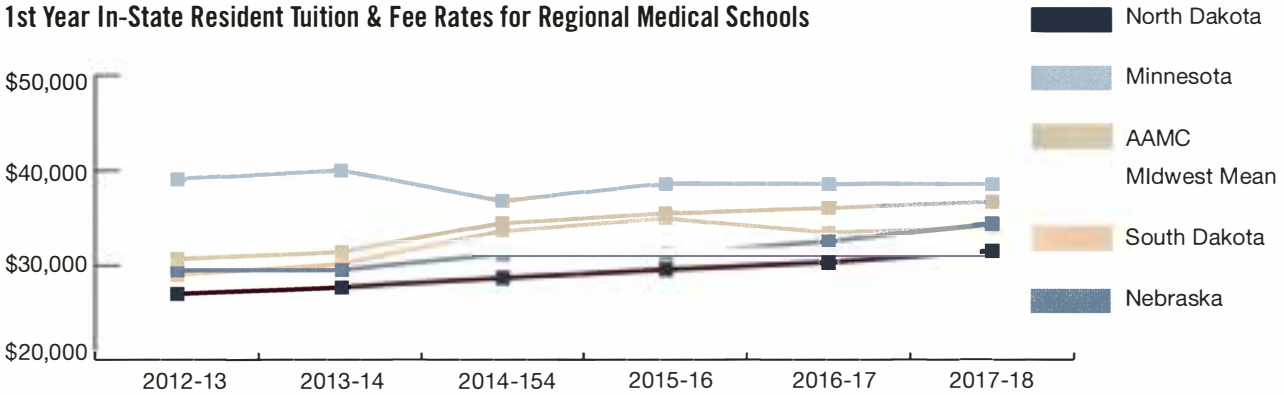


Estimated Revenue: 2017–2019
Total: $228,979,236



For every $1 appropriated to the School by the Legislature, the School generates over $2 in grants, contracts, tuition, and service revenues. The total direct economic impact of the SMHS over the next three biennia should exceed $750 million.

1st Year In-State Resident Tuition & Fee Rates for Regional Medical Schools



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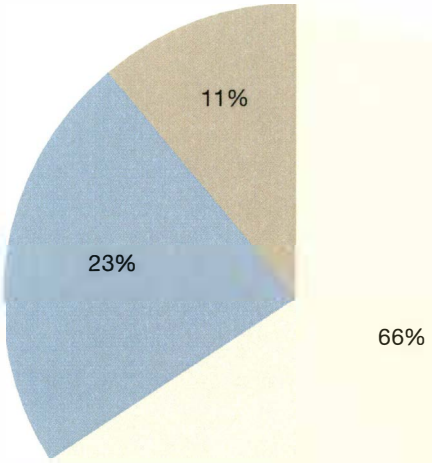
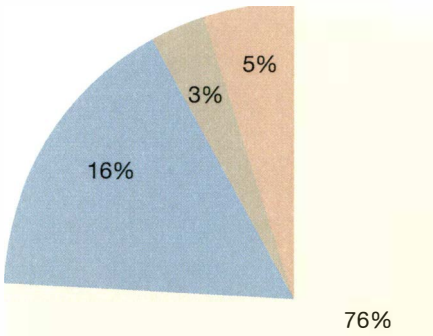
Sources of Donations, Fiscal Year 2018



Retained Donors	377
Reengaged Donors	133
New Donors	65
Total Donors:	575



Alumni	435
Friends	95
Corporations/foundations/ matching gifts	19
Other	26
Total Donors:	575

"Thank you for your commitment to future UND physicians, and most importantly to our future patients!"

SHANALEE MOUNTAN
UND Medical Student
Class of 2019

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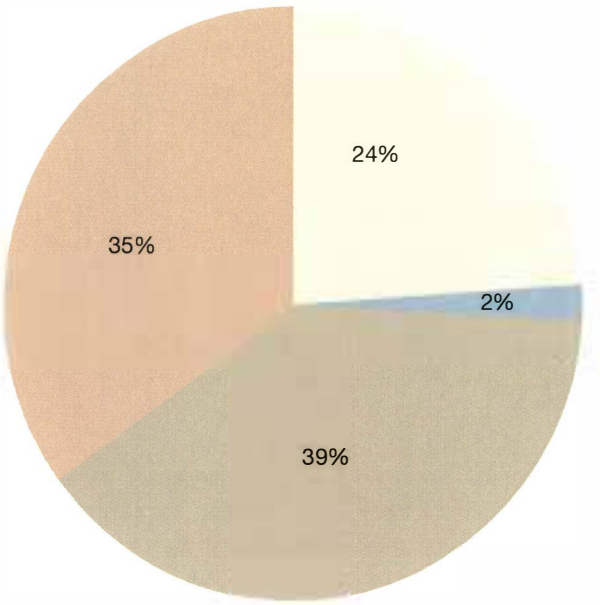
Uses of Donations, Fiscal Year 2018



Students	$ 1,584,263
Educators (faculty)	136,800
Programs	2,564,300
Priority Needs	2,350,432
Total:	$ 6,635,795

Fiscal Year 2017

Retained Donors	401
Reengaged Donors	172
New Donors	47
Total Donors:	620

Alumni	502
Friends	89
Other	20
Corporations/foundations/matching gifts	9
Total Donors:	620

Students	$ 2,052,243
Priority Needs	1,519,488
Programs	1,078,400
Educators (faculty)	272,900
Total:	$ 4,923,031

Fiscal Year 2016

Retained Donors	509
Reengaged Donors	153
New Donors	51
Total Donors:	713

Alumni	570
Friends	90
Other	28
Corporations/foundations/ matching gifts	25
Total Donors:	713

Students	$ 6,810,848.71
Priority Needs	1,629,247.15
Programs	488,467.72
Educators (faculty)	154,217.78
Total:	$ 9,082,781.36

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Student Enrollments by Major, Fall 2018

Anatomy and Cell Biology	
(Graduate—Master and Doctoral)	2
Biochemistry and Molecular Biology	
(Graduate—Master and Doctoral, includes Pathology)	3
Biomedical Sciences	
(Graduate—Master and Doctoral)	27
Clinical and Translational Science	
(Graduate—Master and Doctoral)	6
Total:	38
Medical Doctor	
Year 1—Class of 2022	78
Year 2—Class of 2021	79
Year 3—Class of 2020	81
Year 4—Class of 2019	67
Total:	305
Post-MD Degree	
(Training in family medicine, geriatric medicine, hospitalist, internal medicine, psychiatry, surgery, and transitional)	
Total	137

Health Sciences

Athletic Training	
Pre–Athletic Training	43
Bachelor of Science	31
Medical Laboratory Science	
Pre–Medical Laboratory Science	58
Certificate	100
Bachelor of Science	125
Master of Science	33
Occupational Therapy	
Pre–Occupational Therapy	83
Professional Year I (Undergraduate)	61
Professional Year II (Undergraduate)	63
Professional Year III (Graduate—Master)	59
Physical Therapy	
Pre–Physical Therapy	176
Doctoral	157
Physician Assistant	
(Graduate—Master)	63
Public Health	31
Total	1,083

The School's faculty also teach courses in biomedical sciences (anatomy, physiology, pharmacology, biochemistry, microbiology, immunology) that enroll over 1,000 undergraduate students each semester who will become physicians, therapists, nurses, nutritionists and dietitians, exercise scientists, public health professionals, teachers, and forensic scientists.

Now that the School's Healthcare Workforce Initiative (HWI) is fully implemented, 16 additional medical students, 30 health sciences students, and a variety of post-MD degree trainees are being educated through the UND SMHS each year, relative to 2012. And to house these dozens of new trainees (not to mention the requisite added faculty and staff), the new medical school and health sciences facility was completed on time and on budget in July 2016. In addition to expanding SMHS class sizes, the HWI utilizes a number of strategies to maximize success in increasing North Dakota's healthcare workforce:

- Acceptance of students to medical school weighted toward those from rural areas of North Dakota.
- Tuition forgiveness for those who commit to practice in a rural community in the state.
- Increased longitudinal experiences in rural communities.
- Increased geriatrics, population health, and public health focus.

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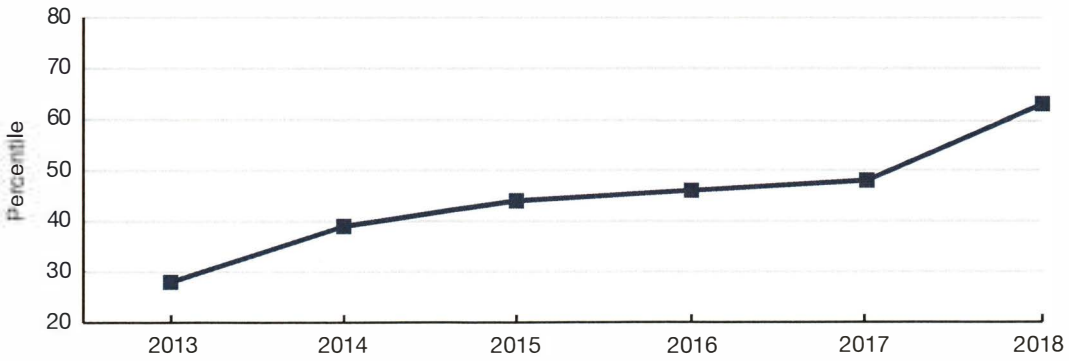
Our goal is for our students in the health sciences and medicine to meet or exceed the accepted standard on nationally recognized exams measuring academic progress.

Student Performance on Nationally Recognized Exams

Program	UND SMHS Pass Rate	National Pass Rate
Athletic Training	**100%**	84%
Medical Laboratory Science	**91%**	74%
Occupational Therapy	**100%**	98%
Physical Therapy	**96%**	92%
Physician Assistant	**100%**	97%
Medicine		
Step 1		
UND	**92%**	96%
Step 2		
Clinical Knowledge UND	**97%**	96%
Clinical Skills UND	**94%**	94%
Step 3		
UND	**100%**	98%

Sources: Data are from the most recent examination in each respective area.

Retention of UND SMHS Medical Student Graduates for Practice In-State (compared with other medical schools)



Source: Missions Management Tool, 2018 AAMC

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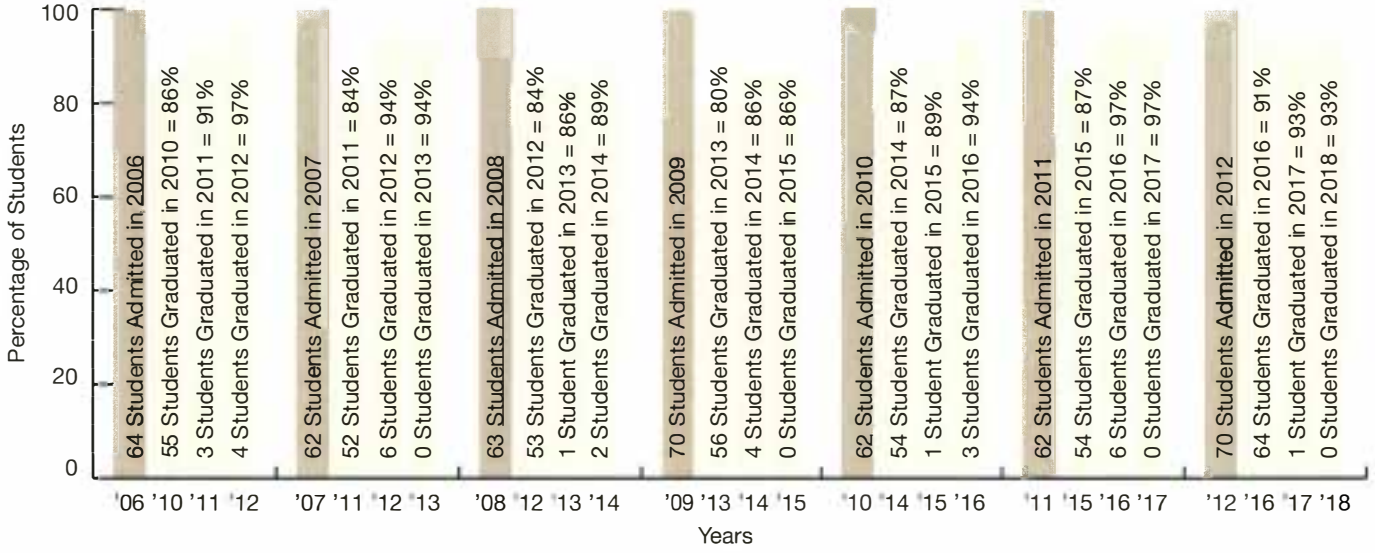
Completion rates* measure the percentage of students who enrolled in a professional degree program and completed their degree within the maximum allowable time, which varies based on the program. Green bars represent the number and percentage of a class graduating relative to the initial number of enrolled students (gray) in a given year.

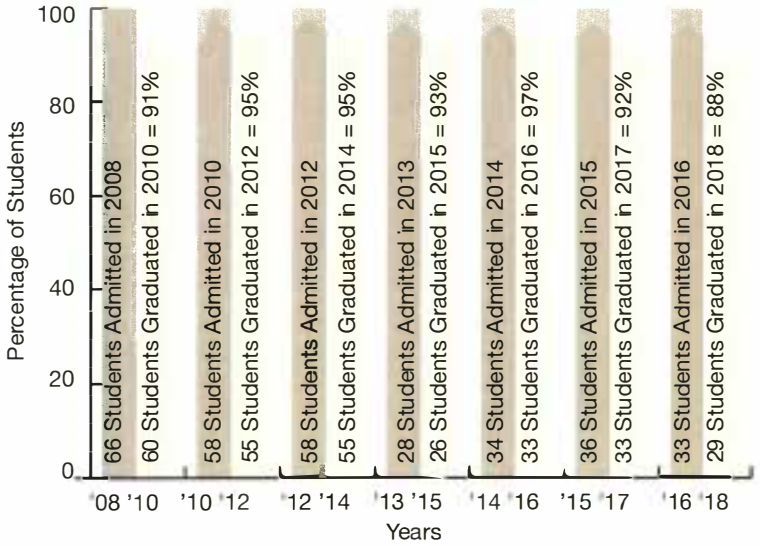
Doctor of Medicine (four-year program)

For Doctor of Medicine students at the School, the maximum time allowed to complete a four-year degree is six years. The national completion rate for medical students who graduate within seven years is 94 percent.



Master of Physician Assistant Studies (two-year program)

Beginning in 2006, the program accepted a new class every other year. It has returned to an annual admission structure effective with the class matriculating in 2013.



* Number Graduated/Number Admitted = Completion Rate

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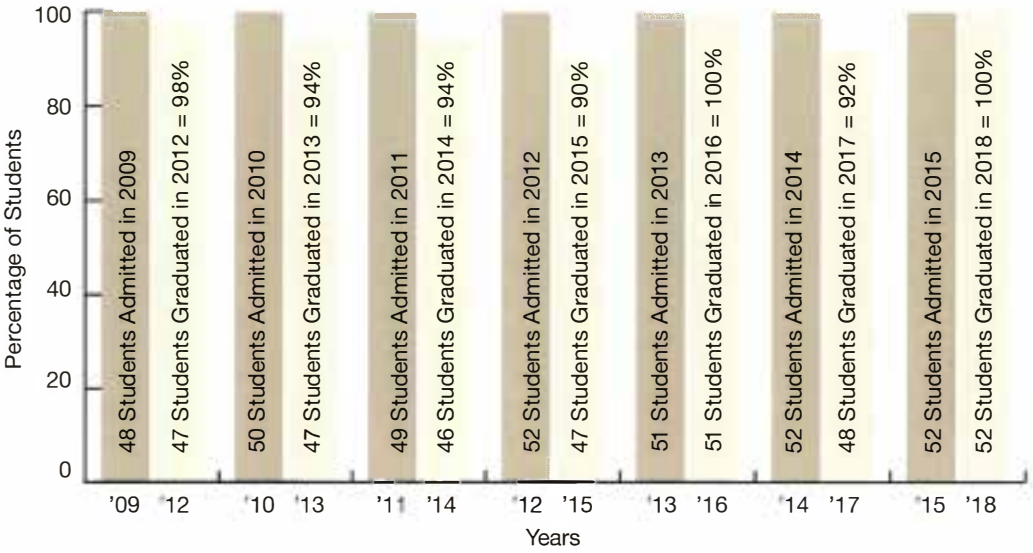
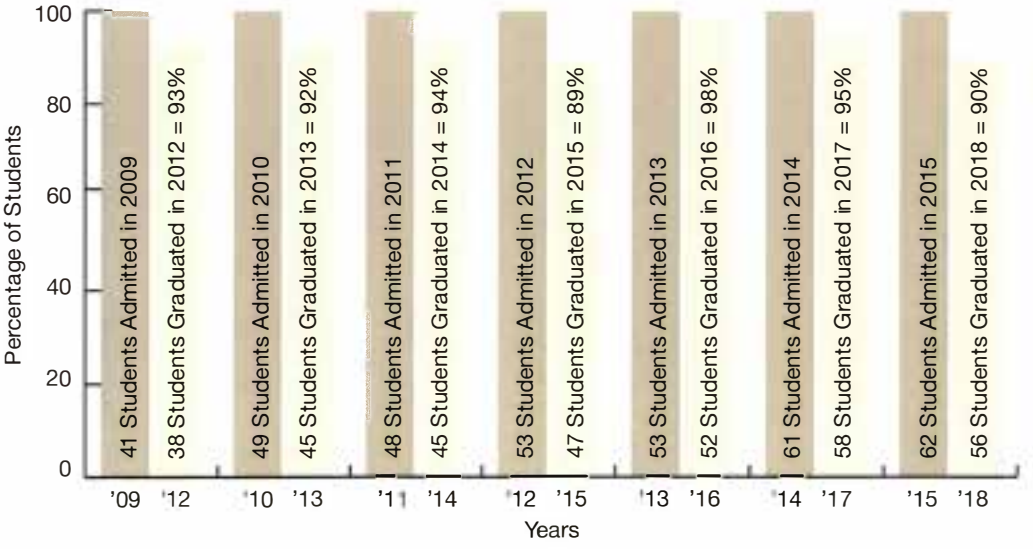
Our goal is to exceed the national benchmark for completion.

Doctor of Physical Therapy (three-year program)



Master of Occupational Therapy (three-year program)



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From Bismarck, S. Nabeel Hyder, MD, shows off his Match Day letter, which describes his Internal Medicine residency match with University of Michigan Hospitals in Ann Arbor.

Residency Training

After graduating from medical school, physicians must complete residency training, a period of advanced intensive training in a chosen medical specialty before independent practice as a physician. Depending on the medical specialty, medical school graduates complete anywhere from three to seven years of residency training after medical school.

Residency training throughout North Dakota is provided in eight specialties:

- Family Medicine (Bismarck, Fargo, Grand Forks, Minot, Williston)*
- Geriatrics (Bismarck, Fargo)
- Hospitalist (Bismarck)
- Internal Medicine (Fargo)
- Orthopedic Surgery
- Psychiatry (Fargo)
- Surgery (Fargo, Grand Forks)
- Transitional** (Fargo)

Some of these residency programs have training specific to rural care. They are:

- Altru Health System Family Medicine Program in Grand Forks
- UND Family Medicine in Bismarck (Fort Yates), Hettinger, Minot (Garrison), and Williston
- UND Psychiatry Program (Telemedicine)
- UND Surgery Rural Track (Minot, Jamestown, Williston)

* The Family Medicine Program in Grand Forks is sponsored by Altru Health System. The Fargo Family Medicine residency program will offer rural rotations in Wahpeton, Jamestown, Hillsboro, Perham and Detroit Lakes, starting the 2018-2019 academic year.

** Transitional residency is a yearlong program designed to introduce graduates to a wide range of medical and surgical specialties. The goal is to build a broad foundation of clinical skills as a base for future training in a medical subspecialty.

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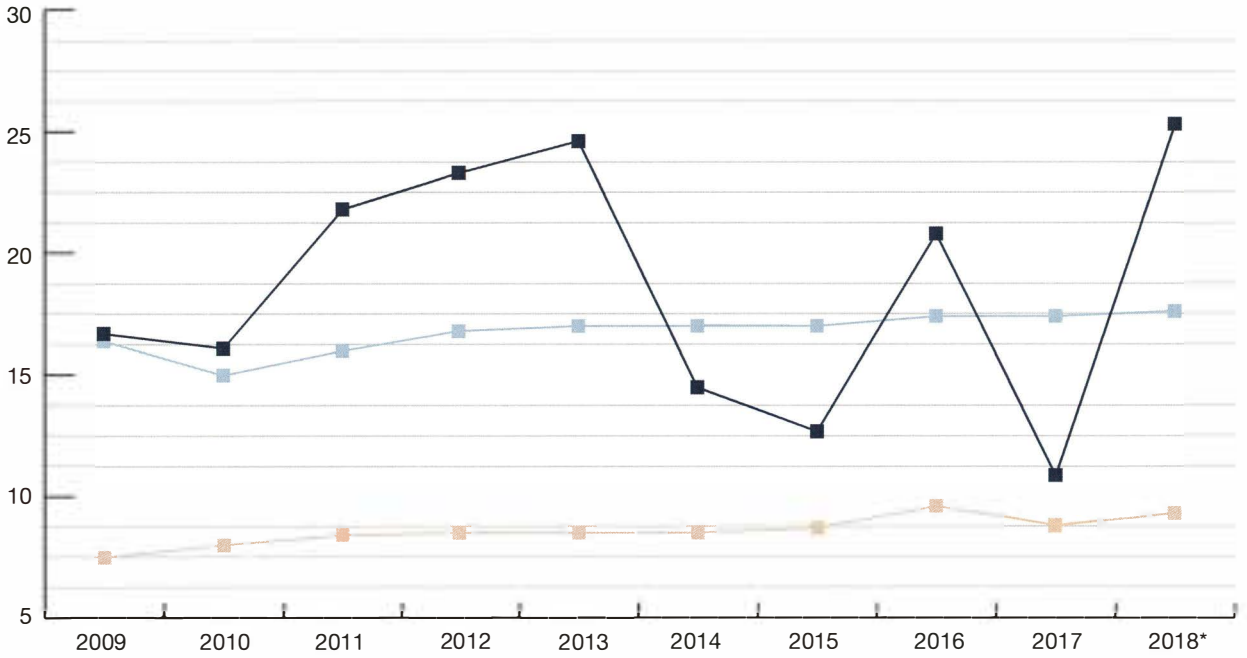
Our goal is to exceed the national average of students specializing in family medicine by 100 percent.

A study recently completed by the American Academy of Family Physicians (AAFP) noted that the University of North Dakota School of Medicine and Health Sciences was again among the top three contributors to building the nation's family physician workforce. This is the 36th national study conducted by the AAFP that reports retrospectively the percentage of graduates from U.S. Liaison Committee on Medical Education (LCME)-accredited; American Osteopathic Association (AOA)-accredited; and international medical schools who enter Accreditation Council for Graduate Medical Education (ACGME)-accredited family medicine residency programs as first-year residents.

Graduates Entering a Family Medicine Residency 2009–2018



Average 2009–2018

- UND SMHS 18.7%
- NATIONAL 8.6%
- UND SMHS Goal (double the national avg.)

Sources:
Medical Education Division
American Academy of Family Physicians, Leawood, Kan.
Family Medicine, STFM Journal
Department of Family & Community Medicine,
University of North Dakota School of Medicine 6/18

*U.S. seniors successfully matching in the National Resident Matching Program

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In the fall semester of their final year of school, medical students apply to programs through which they hope to complete a residency—the period of advanced training in a medical specialty that students complete before engaging in independent practice as a physician. Residency interviews are conducted anywhere between October and January of that academic year for standard residencies.

In their last semester, medical school seniors across the country find out where they will complete their residencies on "Match Day," a celebration of residency placements coordinated by the National Resident Matching Program (NRMP). The NRMP is a private, not-for-profit corporation founded in 1952 at the request of medical students to standardize the residency selection process and establish a uniform date of appointment to positions in graduate medical education training programs.

The NRMP's 2018 Main Residency Match was the largest in history, exceeding the more than 43,000 applicants who registered for the 2017 Match and the more than 31,000 positions offered last year. Results of the Main Residency Match are closely watched because they can predict future changes in the physician workforce.

This year, 68 UND School of Medicine and Health Sciences MD students successfully matched with residency programs. Thirty-nine of this group (58.2 percent) matched in the primary care fields of family medicine, internal medicine, pediatrics, and obstetrics & gynecology.



Members of the MD Class of 2018 who spent their clinic-based fourth year in Fargo, N.D., show off their residency match letters in March 2018 with SMHS Southeast Campus Associate Dean Cornelius "Mac" Dyke, MD (background-left).

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More than 700 practicing physicians now serving North Dakota communities received their education at UND.

Percentages of Physicians Practicing in North Dakota Who Graduated from the UND School of Medicine and Health Sciences or Completed an In-State Residency

All Specialties	44%
Family Medicine	72%
Internal Medicine	50%
Obstetrics and Gynecology	63%
Pediatrics	42%
Psychiatry	46%

Source: Medical Marketing Service. (2017). *AMA Master File*, 2017. [Data file]. Wood Dale, Ill. Medical Marketing Service.

Percentages of Other Healthcare Providers Practicing in North Dakota Who Are Graduates of the UND School of Medicine and Health Sciences

Athletic Trainers	28%
Occupational Therapists	52%
Medical Laboratory Scientists	40%
Physician Assistants	39%
Physical Therapists	53%

Data were collected from North Dakota state licensing boards and academic departments.

School of Medicine and Health Sciences Alumni

Medical Laboratory Scientists	2,324
Athletic Trainers	260
Physicians	2,168
Physical Therapists	1,864
Occupational Therapists	1,949
Physician Assistants	1,841
Public Health Professionals	42

UND SMHS Medical Doctor Program Outcomes

Metric	Percentile Rank
Graduates entering primary care (2003-2007)	75th
Graduates practicing in rural areas (2003—2007)	98th
Graduates practicing in family medicine (2014—2016)	89th
Fraction of class identifying as American Indian	100th

Source: Missions Management Tool, 2018 AAMC

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Growing Our Own: Innovative Programs to Produce Healthcare Providers for North Dakota

The School has implemented the Healthcare Workforce Initiative (HWI) and has constructed a new $124 million home. The HWI is a four-pronged plan to help address North Dakota's healthcare workforce needs now and in the future by reducing disease burden, retaining more of our graduates for practice in North Dakota, training more practitioners, and improving the efficiency of our healthcare delivery system.

RuralMed

RuralMed is a tuition waiver program (or scholarship) designed to encourage medical students to select careers in family medicine and other shortage specialties and increase the number of providers for rural North Dakota. Students accepted for the RuralMed Program have the entire cost of tuition waived in return for their practicing in North Dakota. Students will not have to borrow money for tuition and accrue interest for medical education. Currently, 23 students are accepted or enrolled in the program, and all are destined for rural practice in North Dakota.

INMED

The Indians into Medicine Program (INMED), which was established in 1973, is a comprehensive program designed to assist American Indian students who aspire to be health professionals to meet the needs of our Indian communities and to serve reservation populations. INMED has assisted approximately 20 percent of U.S. American Indian physicians with their education.

ROME

Rural Opportunities in Medical Education (ROME) is a 24–28 week interdisciplinary experience in a rural primary care setting that is open to third-year students at the UND School of Medicine and Health Sciences. Students live and train in nonmetropolitan communities under the supervision of physician preceptors. ROME students experience healthcare delivery in rural areas throughout the state of North Dakota, where providing access to healthcare is sometimes challenging. Students learn about problems commonly encountered in primary care, from routine health maintenance to medical emergencies and rare and unusual diagnoses. Each primary preceptor is board-certified in family medicine, but students also work with board-certified surgeons, internists, pediatricians, and other specialists available in the community.

Interprofessional Healthcare Course (IPHC)

The course includes nine allied health professions on campus and is run on a collaborative model that doesn't assign a higher value to any one profession or specialty over any other. More than 3,900 students have completed the course.

The IPHC is modeled on the School's acclaimed patient-centered learning small-group curriculum. The focus of the course is to learn about the role of other healthcare professionals and how to interact as a healthcare team. Eight disciplines are involved in the course: medicine, nursing, occupational therapy, physical therapy, communication sciences and disorders, social work, counseling psychology, and nutrition and dietetics.

The goal of IPHC education is collaborative practice. Students learn every person on a team is a patient advocate, which significantly reduces errors in the healthcare system and leads to improved cost efficiency, an appropriately important issue for the twenty-first century.

Minot Integrated Longitudinal Experience (MILE)

A clerkship is a course of clinical training that third-year medical students undertake in specialty areas. In the summer of 2012 in Minot, the first cohort of medical students undertook an integrated, longitudinal experience.

Students work with preceptors in each of the specialties. For example, a student might balance the work week with time in the primary care preceptor's office, time in surgery, an obstetrics & gynecology shift, and emergency room time. An important feature of the new MILE is that students develop a panel of patients whom they follow throughout the year, accompanying them to consultant visits and procedures, and following them through hospitalizations.

R-COOL-Health Scrubs Camps

Rural Collaborative Opportunities for Occupational Learning in Health (R-COOL-Health) Scrubs Camps are one-day learning experiences where students are able to explore healthcare careers from their local healthcare providers through hands-on, interactive activities. Since the program's start in 2010, 6,003 students, 2,463 volunteers, and 430 communities have participated in 79 Scrubs Camps across the state. Students who have participated in Scrubs Camps have learned about various healthcare careers and participated in interactive activities, including dissecting pig hearts, typing blood samples, and participating in mock emergency scenarios.

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R-COOL-Health Scrubs Academy

Eighty North Dakota junior high students participated in the eighth annual Scrubs Academy, held at the University of North Dakota campus in June. Since the Academy's start in 2011, 437 students have attended (312 from rural communities) from 205 communities. Students participated in a dissection, explored the inside of a 32-foot inflatable colon, and learned more about anatomy, medical laboratory science, emergency medical services, mental health, occupational therapy, physical therapy, public health, nutrition, music therapy, physician assistant studies, radiology, and other health careers. As part of the academy, students received Friends and Family CPR training and became certified in the Health Insurance Portability and Accountability Act (HIPAA). Most health facilities in North Dakota require that students be HIPAA-certified before allowing them to job shadow. Students also were given the opportunity to explore and learn more about the School of Medicine and Health Sciences, the UND campus, and the Grand Forks community.

North Dakota Area Health Education Center

Since 2009, the North Dakota Area Health Education Center has utilized federal, state, and private funding to support learning opportunities for 18,413 participants reaching all 53 North Dakota counties. Of that total, 12,689 students have participated in health career awareness events and activities, and 108 students enrolled in health profession programs have completed rural clinical rotation experiences.

Summer Undergraduate Research

For 10 weeks each summer, more than two-dozen undergraduate students from UND, as well as from rural and tribal colleges in Minnesota, North Dakota, and across the nation, conduct research and participate in a number of related educational activities at the UND School of Medicine and Health Sciences. Students work shoulder-to-shoulder with their mentor scientists from the UND Department of Biology, SMHS scientists and clinicians, Cankdeska Cikana Community College, and the Center for Rural Health. The research experience culminates in a Summer Undergraduate Research Experience poster session in Grand Forks. One of the goals of the summer research program is to provide students with the opportunity to work directly with an established research scientist. An additional goal is to recruit students from rural and tribal colleges for future enrollment in UND undergraduate and graduate programs. The program is designed to bolster the workforce pipeline of biological research scientists and healthcare professionals. Over the course of the summer, students receive specialized laboratory training. In weekly professional development sessions, undergraduates learn about a variety of research areas, how to conduct research responsibly, the particulars of scientific writing, and the basics of the graduate and medical school application processes. Funding for the students comes from a variety of organizations, including the National Science Foundation, the National Institutes of Health, and UND.

Faculty and undergraduate students at the School's Summer Undergraduate Research Experience in August 2018.



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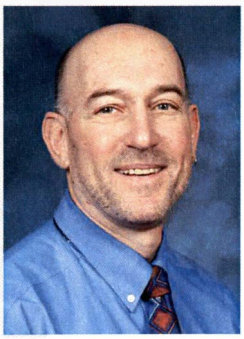
For fiscal year 2018 (July 1, 2017–June 30, 2018), total research funding was $25,366,758. Of the 28 community-based medical schools in the United States, the SMHS is ranked in the top quarter of schools in external funding for sponsored projects. The School's goal is to be in the top four.

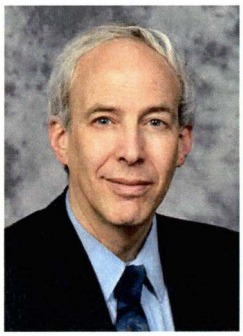
Through our research efforts in the realm of Clinical & Translational Research (CTR), the School of Medicine and Health Sciences aims to take research from "lab bench to bedside." Highlights from 2018 in this regard include:



In January, the National Institutes of Health (NIH) awarded Jyotika Sharma, PhD, associate professor in the Department of Biomedical Sciences, a major grant known as an R21. The two-year grant, worth nearly $400,000, is the fifth such award Sharma has won from the NIH since 2011. According to Sharma, the long-term goal of her project, titled "Efferocytosis and neutrophil homeostasis in pneumonic sepsis," is to understand the molecular processes that regulate inflammation associated with sepsis—a systemic, life-threatening condition where the immune system's response to infection or injury damages a body's own organs. In addition to this grant, Sharma's research is currently supported by an R01, another R21, and a local grant totaling nearly $2.3 million. She is also a principal investigator (PI) of a multi-PI Center of Biomedical Research Excellence (CoBRE) grant worth more than $10 million awarded by the NIH in May 2016 to study host-pathogen interaction for finding new strategies to treat infectious diseases.



In June, Jonathan Geiger, PhD, Chester Fritz Distinguished Professor in the Department of Biomedical Sciences, was informed that he is on a multi-university team that was awarded a four-year R01 grant from the NIH totaling more than $2.25 million. The grant, titled "Ketogenic Diet and Adenosine: Epigenetics and Antiepileptogenesis," marks the first time that a faculty member at UND has been the recipient of three simultaneously held R01 grants from the NIH as a principal investigator. NIH R01 grants are considered one of the most prestigious grants for which individuals can apply, and funding for these grants is extremely competitive. The team's hypothesis is that epigenetic changes in DNA methylation (a process by which methyl groups—portions of molecules containing one carbon atom bonded to three hydrogen atoms—are added to DNA) mobilized by a high fat, low carbohydrate diet known as a ketogenic diet provide a therapeutic target for disease prevention and treatment. The project's approach is unique in that it initiates disease-modifying treatment after disease onset and their approach stresses the rigor and reproducibility of findings across models of epilepsy and between laboratories. The project also is unique in so far as it includes a strategy that aims to restore homeostasis—and thus offer hope for a cure.



In August, Senior Associate Dean for Medicine and Research Marc D. Basson, MD, PhD, MBA, was awarded a $20.3-million, five-year grant from the NIH. Because cancer is the leading cause of death for people ages 35-64 in the Dakotas, Basson's grant will be used to work with researchers and medical providers in the Dakotas, including North Dakota State University, the University of South Dakota, Sanford Health, and other hospital systems throughout the region, to better understand cancer and its causes, and to develop effective treatments for the disease. Led by the UND School of Medicine and Health Sciences, the Dakota Cancer Collaborative on Translational Activity (DaCCoTA) will build bridges and train scientists and clinicians throughout the region to apply our basic science knowledge about cancer to achieve real clinical impact, paving the way to develop unique ways to combat cancer in the Dakotas.

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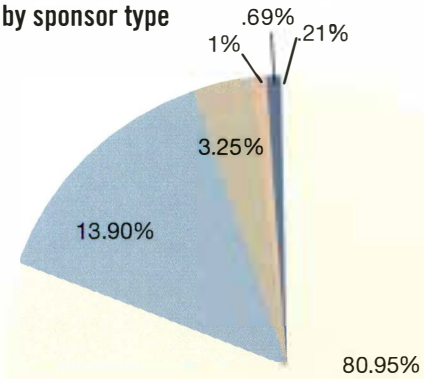
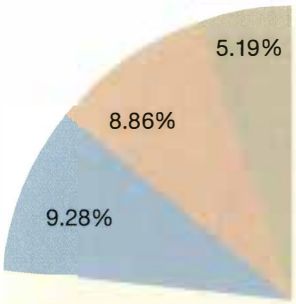
FY 2018 Sponsored project awards by sponsor type



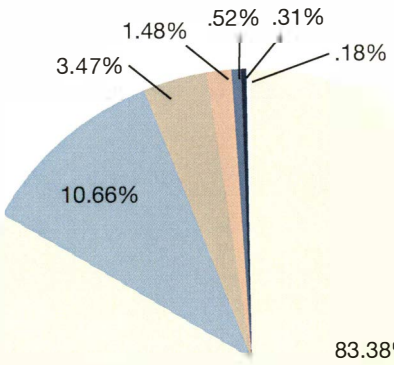
Total number of proposals	147
Total number of awards	102
Total funding	$25,366,758

FY 2017 Sponsored project awards by sponsor type



Total number of proposals	127
Total number of awards	93
Total funding	$20,412,330

FY 2016 Sponsored project awards by sponsor type



Total number of proposals	183
Total number of awards	123
Total funding	$27,759,188

Federal
State
Private (Other)
Foundation
Voluntary Health (Health-oriented non-profits)
International
Private (Industry)

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The Center for Rural Health (CRH) at the School of Medicine and Health Sciences serves North Dakota, the region, and the nation. It focuses the majority of its resources on the state's 53 counties and generally works with 100 or more communities each year. The CRH provides technical assistance to all 38 rural North Dakota hospitals, 36 of which are critical access hospitals. CRH works closely with other groups too, such as public health, emergency medical services (EMS), and tribal health. Assistance is directed at improving access to quality health care services, the viability of rural health systems, and community engagement. CRH administers a variety of funding sources used to support and assist rural communities in North Dakota totaling:

- $7,701,999 for FY 2017
- $7,629,587 for FY 2018

FY 2018

- **Federal Grants:** $5,508,512 The CRH supports and serves three national programs that focus on indigenous populations: the National Indigenous Elder Justice Initiative (NIEJI), NIEJI Innovation, and the National Resource Center on Native American Aging (NRCNAA). These programs focus on improving health outcomes and wellbeing of American Indian, Alaska Native, and Native Hawaiian elders. CRH Native programs have a predominantly indigenous staff with expertise in geriatrics, elder abuse, mental health, suicide prevention, health disparities, community-based participatory research, tribal participatory research, resiliency, and wellness. The CRH works with nearly half of the 560 federally recognized tribes.
- Two other nationally sponsored projects, the Rural Health Information Hub (RHIhub) and the Rural Health Research Gateway provide resources, information, and dissemination of information regarding the latest rural health research and programs.
- The CRH receives federal funding for other programs that support healthcare, such as the Rural Hospital Flexibility (FLEX) Program, Small Hospital Improvement Program (SHIP), and the State Office of Rural Health (SORH). This funding helps rural hospitals improve quality, finance, and operation, integrate Emergency Medical Service and innovative healthcare models, and engage communities.
- **State Grants:** $476,747 The CRH has sponsored contracts with the state of North Dakota for the Traumatic Brain Injury (TBI) Network and behavioral health and opioid work, including the Justice Reinvestment Initiative.
- **Other Grants:** $1,644,328 The CRH administers and supports other sponsored contracts that serve and enhance rural health in the state and regionally. Initiatives include Truserve, the Dakota Conference on Rural and Public Health, the Blue Cross Blue Shield Caring Foundation grant, the Oral Health program, the Native Aging in Place Program (NAPP), the North Dakota Palliative Care Task Force, and the Evaluation of Cardiac System of Care, which involves seven states.



Federal Grants	$5,508,512
State Grants	476,747
Other Grants	1,644,328
Total:	$7,629,587

FY 2017

Federal Grants	$6,266,599
State Grants	299,747
Other Grants	1,135,653
Total:	$7,701,999

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Second-year UND medical student Vanessa Miller and her pharmacy colleagues from NDSU work through a simulated patient case at the UND School of Medicine and Health Sciences in April 2018.

In April, more than 70 UND medical students and more than 60 NDSU doctor of pharmacy students trained together at the Simulation Center in the UND School of Medicine and Health Sciences.

As part of the State Legislature's Healthcare Workforce Initiative (HWI), both universities' health programs have been asked not only to expand the number of health professions graduates working in the state, but to cultivate these professionals' collaborative and interdisciplinary skills. The event was the first time the universities have conducted this type of simulation training jointly, with medical students and doctor of pharmacy students side-by-side.

The SMHS Simulation Center—the largest and most active facility of its kind in North Dakota—is a hands-on, state-of-the-art simulation training facility for interprofessional health care providers that uses interactive simulation in teaching, education, and research. The space offers a clinical setting where health professionals can actively apply their knowledge in simulation, observation, and debriefing of real-life patient scenarios, with the goal of improving patient safety and care. In high-fidelity patient simulations, computerized manikins are used to simulate situations such as cardiac arrest, stroke, or drug overdose, among other scenarios.

"The significance of interprofessional education, for both medical and pharmacy curricula, to prepare future health care professionals cannot be overstated," said Marketa Marvanova, PharmD, PhD, chair of Pharmacy Practice in the NDSU School of Pharmacy.

Marvanova and Simulation Center Director Jon Allen, MD, FACP, served as coordinators of the joint training. Both agreed on the importance of getting medical students and PharmD students to collaborate on patient care.

"Since working on opioid abuse together last year, Dr. Marvanova and I have had a great working relationship and looked forward to this collaboration between our schools," Dr. Allen added. "It's vital to the education of health care professionals, not only regarding opioids, but also regarding the teamwork experience that will be part of these students' entire careers."

The simulation environment allowed second-year medical students and third-year pharmacy students to gain experience in seeing how each profession plays a role in providing patient care as part of a highly effective, integrated health care team.

A member of the American Medical Association's Accelerating Change in Medical Education Consortium, the center conducted three interprofessional scenarios using telemedicine with 274 students from five different disciplines in 2018. AMA awarded the SMHS a grant to teach other schools to how to design similar scenarios. The next joint UND/NDSU telemedicine simulations are being scheduled.

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Faculty & Staff Turnover

The faculty turnover rate (faculty who left their jobs) at the UND SMHS for FY 2018 was 13.4 percent. The turnover rate for all North Dakota University System (NDUS) faculty for that same year was 13.3 percent.

Likewise, the staff turnover rate at the UND SMHS for FY 2018 was 14.3 percent while the rate for all NDUS staff was 12.2 percent.

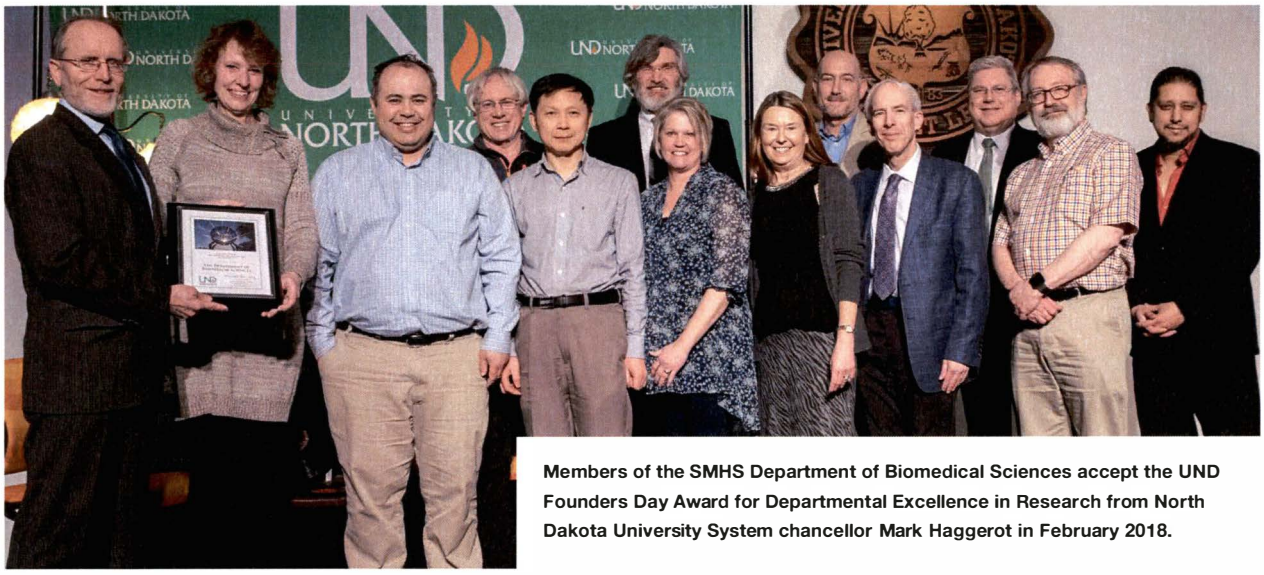
Benefited* Faculty and Staff for Fiscal Year 2018

Total Benefited	Total Benefited
Faculty – 179	Staff – 252
Full-time – 168	Full-time – 236
Part-time – 11	Part-time – 16

Benefited* Faculty and Staff for Fiscal Year 2017

Total Benefited	Total Benefited
Faculty – 183	Staff – 265
Full-time – 169	Full-time – 248
Part-time – 14	Part-time – 17

* Benefited appointment is 20 hours/week or more.



Members of the SMHS Department of Biomedical Sciences accept the UND Founders Day Award for Departmental Excellence in Research from North Dakota University System chancellor Mark Haggerot in February 2018.

THANK YOU TO THE FOLLOWING UND SMHS STAFF FOR YOUR SERVICE AND DEDICATION:

The University of North Dakota's annual Staff Recognition Ceremony was held on Tuesday, May 8, 2018, in the UND Memorial Union Ballroom. As usual, the SMHS is home to many of the honorees recognized at the luncheon for their service to the University, including the following staffers:

Forty Year-Honorees

Catherine Perry, Medical Laboratory Science
Sandra Krom, Pediatrics

Thirty-FIve Year-Honorees

Kathleen Kraft, Pediatrics
Jean Altepeter, Admin. & Finance

Thirty Year-Honorees

Tonya Murphy, Surgery
Julie Arnold, Center for Rural Health
Susan Carlson, Admin. & Finance
Allison Ranisate, Library Health Sciences

Twenty-Five Year-Honorees

Edith Green, Biomedical Sciences
Sharlene Rakoczy, Biomedical Sciences
Geralyn Lunski, Surgery
Kathleen Hiller, Minot CFM
Stephen Reller, Admin. & Finance

Twenty Year-Honorees

Gregory Krause, Cyclotron & Positron Operation
Melissa Gardner, Family & Community Medicine
Nicole Klemisch, Bismarck CFM
Donita Roland, Bismarck CFM
Christine Wiese, Bismarck CFM
Kim Dickman, Center for Rural Health

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Originally conceived by SMHS Dean Joshua Wynne and his spouse Dr. Susan Farkas eight years ago, "Joggin' With Josh" has been working to raise awareness among faculty, staff, and students, as well as the Grand Forks community, about healthful lifestyle choices, focusing on how exercise can reduce one's likelihood of developing disease. On September 6, 2018, the 5K or 10K run, walk, or jog was completed on a course around the neighborhood of the School.

Fifteen Year-Honorees

Bonnie Kee, Biomedical Sciences
Jennifer Wahl, Minot CFM
Yvette LaPierre, Student Affairs & Admissions
Lynette Dickson, Center for Rural Health
Jennifer Lang, Center for Rural Health
Wendy Warner, Center for Rural Health
Renee Sluke, Internal Medicine
Jodee Nielsen, NW Campus - Minot
John Lee, Information Resources
Dannette Stramer, Information Resources

Ten Year-Honorees

Betty Jo Tostenson, Psychiatry and Behavioral Science
Marlys Peterson, Surgery
Tiffany Jensen, Minot CFM
Marla Sasse, Minot CFM
Rebecca Quinn, Center for Rural Health
Jody Ward, Center for Rural Health
Carla Mosser, Internal Medicine
Laura Cory, Information Resources
Bonnie Hillerud, Library Health Sciences

Five Year-Honorees

Bernadette Meberg, Biomedical Sciences
Danielle Perley, Biomedical Sciences
David Rzucidlo, Occupational Therapy
Kayla Langer, Bismarck CFM
Greta Loritz, Bismarck CFM
Michelle Senger, Minot CFM
Naomi Bender, Center for Rural Health
Julie Reiten, Center for Rural Health
Whitney Borreson, Admin. & Finance
Debra West, SW Campus – Bismarck
Kelly Ann Thormodson, Library Health Sciences
James Hamilton, Simulation Center
Timothy Shea, Simulation Center

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EDUCATE. DISCOVER. SERVE.

Keep your finger on the pulse of the latest news and events from the UND School of Medicine and Health Sciences

FOR YOUR HEALTH

Read Dean Joshua Wynne's weekly column in For Your Health, the School's digital newsletter delivered to your inbox.

NORTH DAKOTA MEDICINE

Subscribe to North Dakota Medicine, the School's quarterly magazine available on the SMHS website: med.und.edu/ or through a print subscription.

To subscribe to For Your Health or North Dakota Medicine, please contact Kristen Peterson, kristen.peterson@med.UND.edu or 701.777.4305.

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facebook.com/UNDSMHS

twitter.com/#!/UNDSMHS

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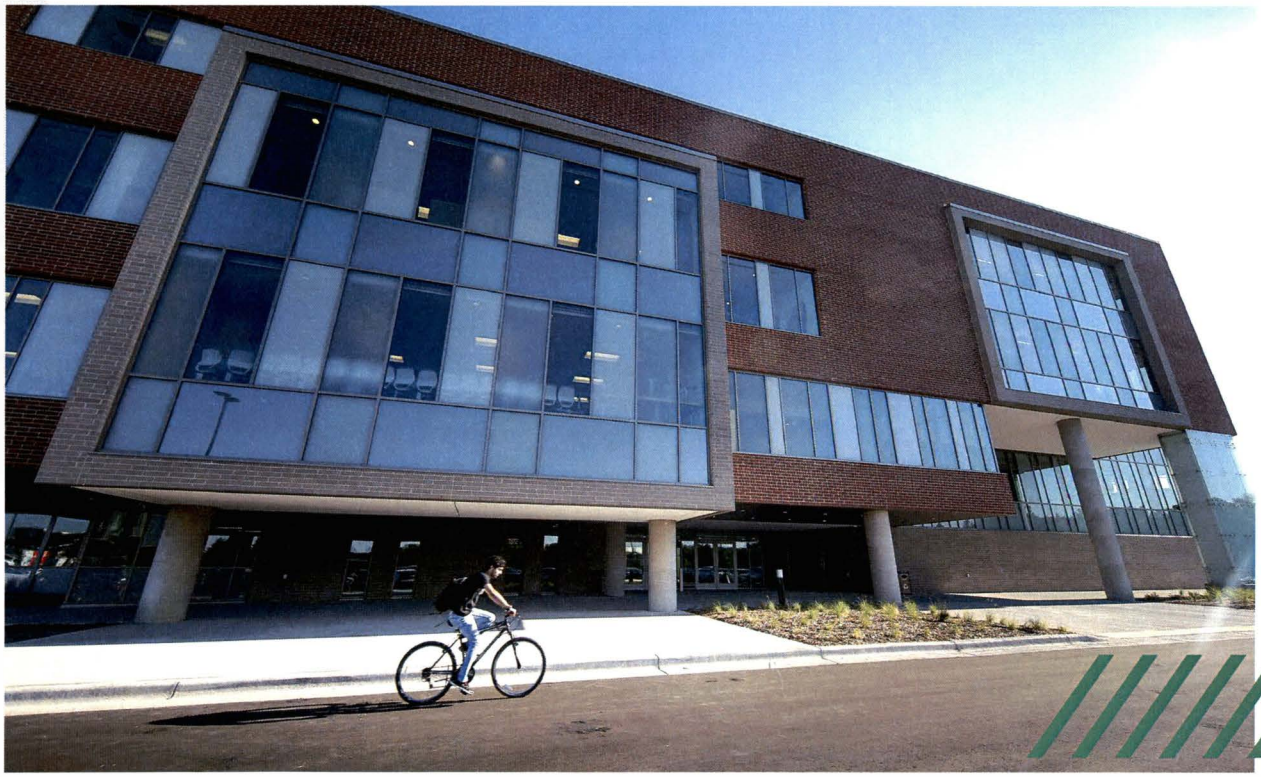
youtube.com/user/UNDSMHS



If you would like further details about the information in this Community Report or the programs, departments, or research at the School, please contact Brian Schill, assistant director, Office of Alumni and Community Relations, UND School of Medicine and Health Sciences, 701.777.4305, brian.schill@med.UND.edu

Vital Signs 2018 represents the good-faith effort of the UND School of Medicine and Health Sciences to provide current and accurate information about the School. Numerous sources were used in gathering the information found in this community report. We welcome corrections, which we will incorporate in subsequent issues of *Vital Signs*.

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Testimony to the Senate Appropriations Committee

HB 1003 – UND Medical School

Andrew Alexis Varvel

January 28, 2019

Chairman Holmberg and Members of the Committee:

My name is Andrew Alexis Varvel. I live in Bismarck, District 47.

I'd like to float an idea for the State Medical Center, State Health Department, or both.

North Dakota ought to be the first state in the Union to establish a public library for cord blood tissue from donated umbilical cords. The idea wuld be for future generations of people to have adult stem cells on file for medical cures. To ensure the highest level of participation, this program should be opt-out rather than opt-in.

A North Dakota Cord Blood Library would provide an opportunity to encourage ethical medical technology. We should discourage unethical research by encouraging research into adult stem cell technology. The DNA from these samples would be DNA from the people of North Dakota – not something to be patented by private corporations.

This adult stem cell library should eventually be used to store tissue from endangered species. This would encourage future industries to manufacture cultivated ivory to undercut poaching of wild fauna in Africa, based on the economic model of Japanese cultivated pearls driving pearl divers out of business. Just as the Wilson M. Laird Core and Sample Library provided an opportunity to spawn the Bakken oil boom, this North Dakota Cord Blood Library would provide an opportunity to turn our state into a magnet for biomedical research. Especially if we could convince businesses such as Organovo and Pembient to relocate to North Dakota, we have an excellent opportunity to manufacture cultivated ivory – and force ivory poachers out of business for good.

This proposal is not for today or this biennium, but it is an investment in the health of future generations that you should think about. Please consider this idea. Thank you.

Andrew Alexis Varvel 2630 Commons Avenue Bismarck, ND 58503;
701-255-6639 mr.a.alexis.varvel@gmail.com

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DSU FORWARD

Develop. Strengthen. Unify.



Senate Appropriations
March 18, 2019

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DSU FORWARD
Develop. Strengthen. Unify.

MISSION

Dickinson State University is a regional four-year institution within the North Dakota University System, whose primary role is to contribute to the intellectual, social, economic, and cultural development, especially to Southwestern North Dakota. The University's mission is to provide high-quality, accessible programs; to promote excellence in teaching and learning; to support scholarly and creative activities; and to provide service relevant to the economy, health, and quality of life of the citizens of the State of North Dakota.

VISION

Dickinson State University will educate a diverse population through innovative teaching, learning and scholarship fostering responsible citizens who impact the world.

CORE VALUES

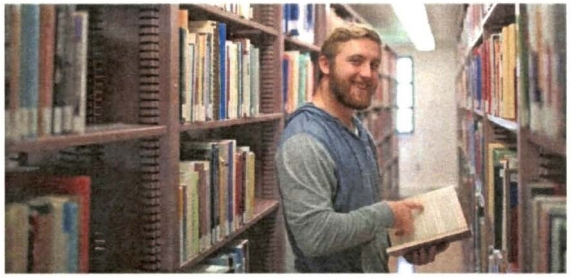
Integrity

Accessibility

Excellence

Inquiry and Innovation









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DSU FORWARD
Develop. Strengthen. Unify.

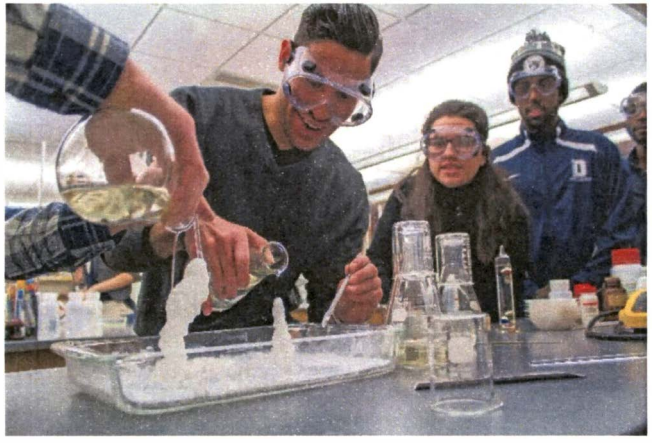
Dickinson State will

DEVELOP

programming, infrastructure and resources to fulfill its ***MISSION***.

Principle One

Students are paramount. How will this enhance student education?





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DSU FORWARD
Develop. Strengthen. Unify.

Dickinson State will

STRENGTHEN

the capacity of its staff, faculty and students to achieve academic and professional goals.

Principle Two

Teamwork and community is the platform upon which we must build







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DSU FORWARD
Develop. Strengthen. Unify.

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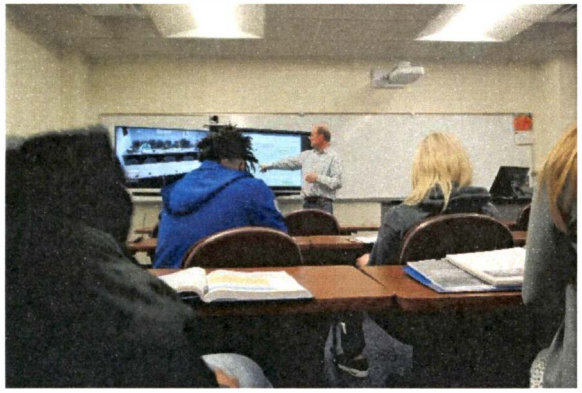
Dickinson State will

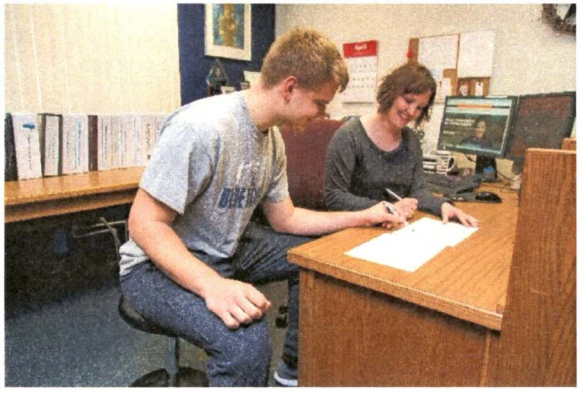
UNIFY

its efforts internally and externally to actively engage the campus, alumni, community and constituents to achieve the Mission of the institution.

Principle Three

Faculty and staff are the core of the institution







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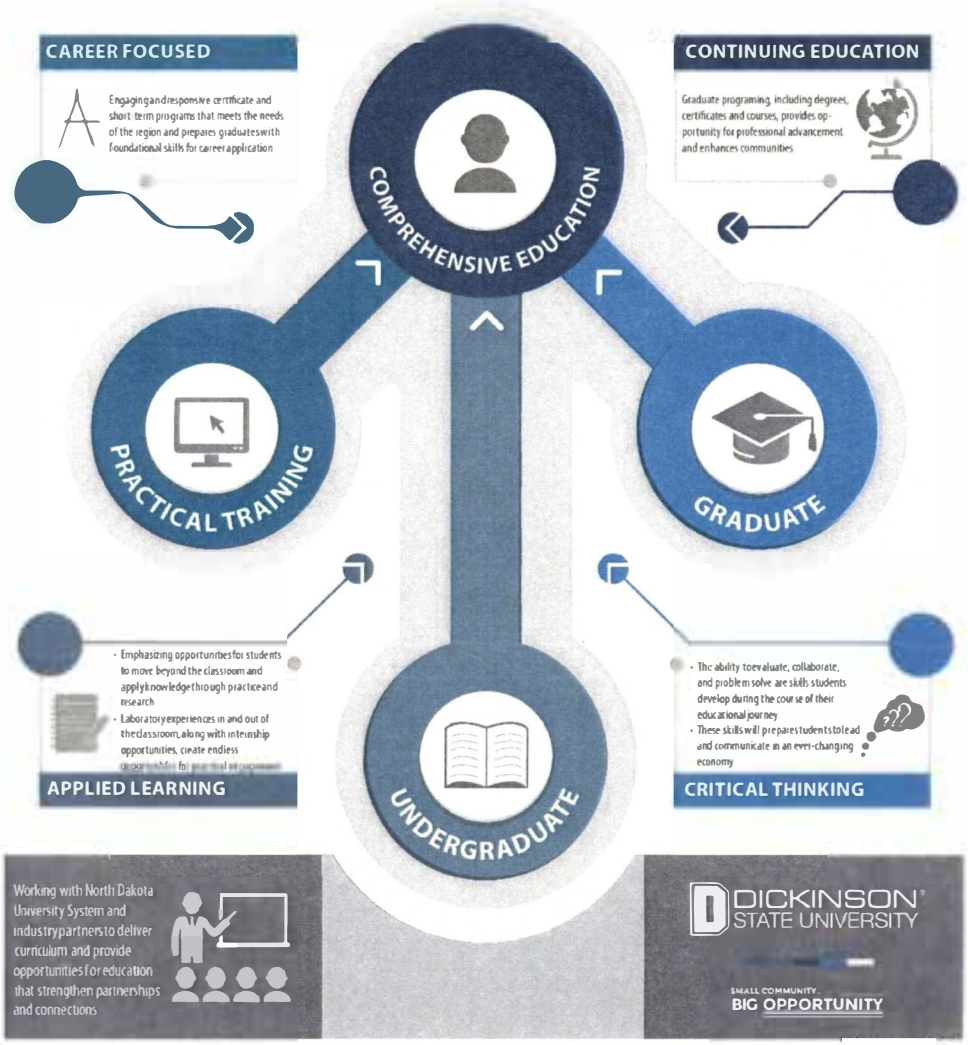
DSU FORWARD
Develop. Strengthen. Unify.

WHAT IS *dual mission?*

Being **Dual Mission** means
DSU is **Responsive** *and* **Relevant**

In addition to offering four-year liberal arts degrees, the dual mission designation *removes barriers* and allows DSU to offer expanded practical training, certificate, associate, graduate and community programs to meet the educational needs of our the citizens in our region



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DSU FORWARD Develop. Strengthen. Unify.

DUAL MISSION *comprehensive education*

- 2018 received approval from the SBHE to offer expanded, dual mission programming.
- Task force of campus and community members met to evaluate industry needs.
- Faculty developing curriculum pathways that provide enhanced student access to professional preparation.
- In alignment with our mission, DSU is rolling out these opportunities in 2019-20.

Summer 2019	Communication Skills Workshop Certificate of Completion for Certified Nursing Assistant
Fall 2019	Certificate of Wellness Certificate of Strength and Conditioning Certificate of Corrective Exercise Certificate of Allied Health Associate of Science with emphases in Biology, Chemistry, Geology, and Engineering
Spring 2020	Certificate of Welding Master of Arts in Entrepreneurship

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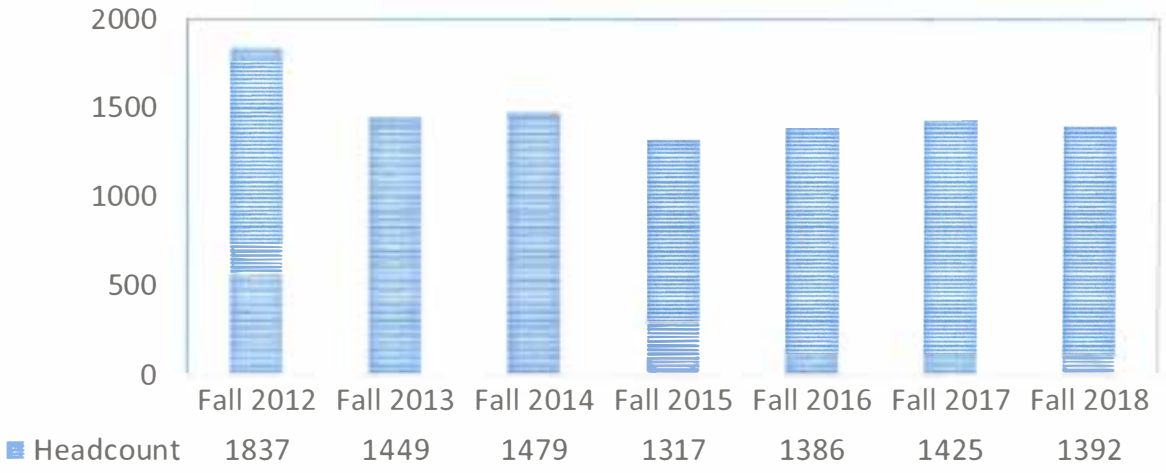
DSU FORWARD
Develop. Strengthen. Unify.

ENROLLMENT *trends*

Fall 2018 Enrollment (headcount)	1392 students	
North Dakota	1038 students	75%
US (other)	313 students	22%
International	41 students	3%



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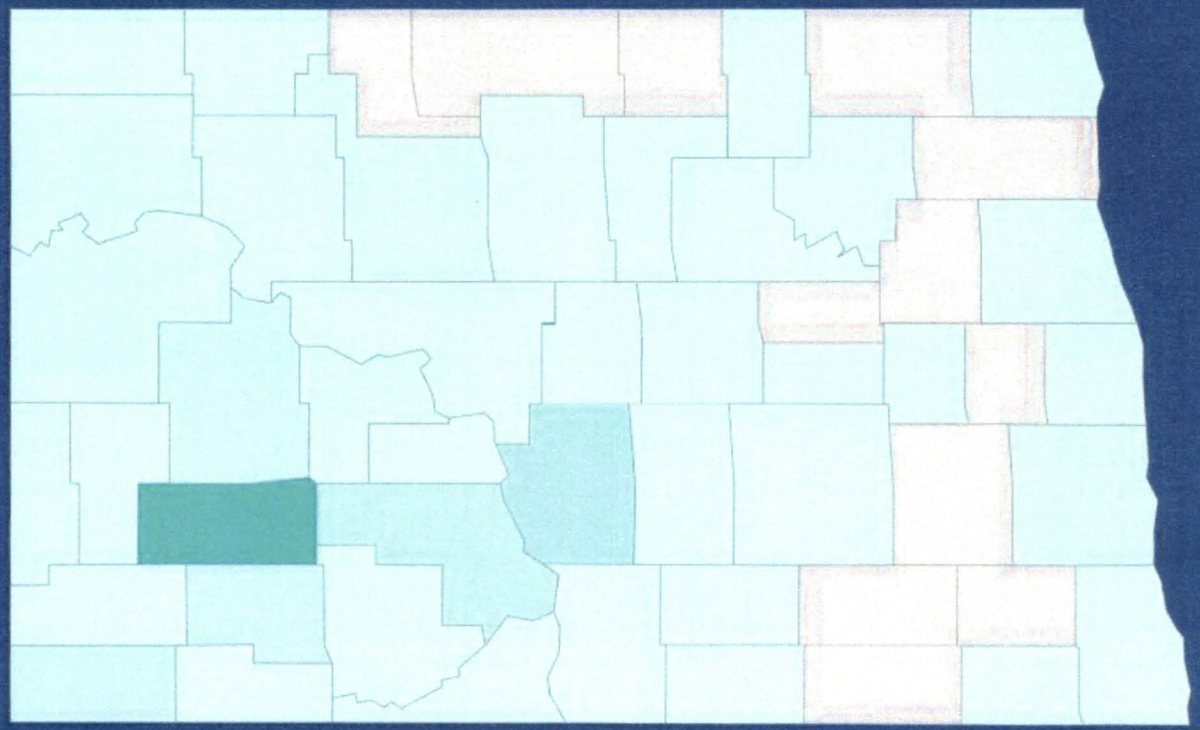
SERVE *western North Dakota*

DSU FORWARD
Develop. Strengthen. Unify.

Residency County of Enrolled North Dakota Students



County	Enrolled
Stark	582
Burleigh	122
Morton	70
Bowman	48
Hettinger	39
Dunn	30
Cass	16
McKenzie	12
Williams	11
Golden Valley	10
Mercer	9
Ward	9
Kidder	8
Adams	7
Mountrail	7
Grant	5
McLean	5
Slope	5
Billings	4
Emmons	4
Grand Forks	4
Total	**1038**

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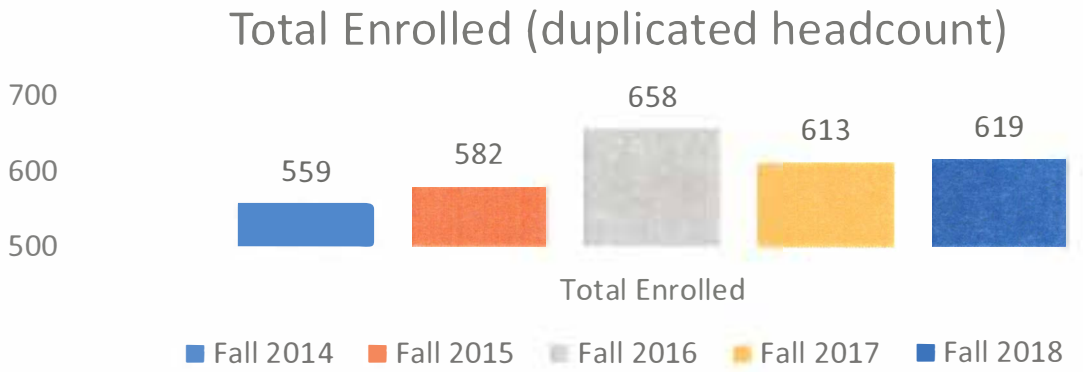
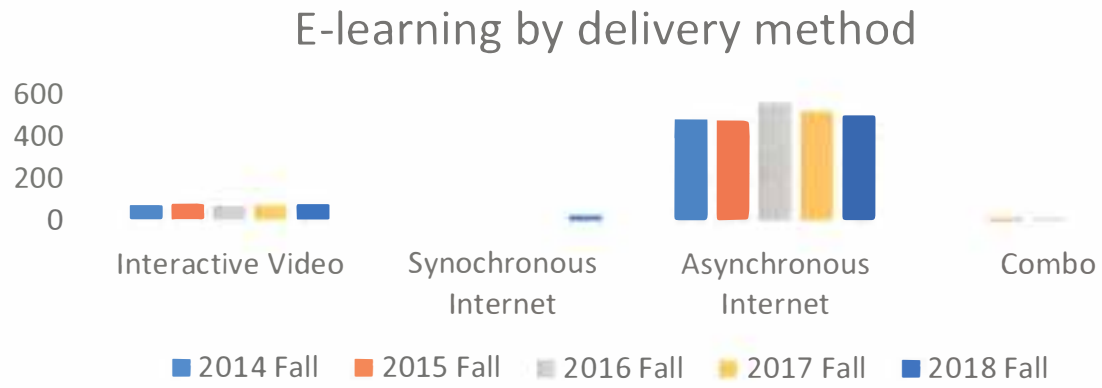
DSU FORWARD
Develop. Strengthen. Unify.

PROVIDE *access to education*

44% of DSU students access education via e-learning platforms





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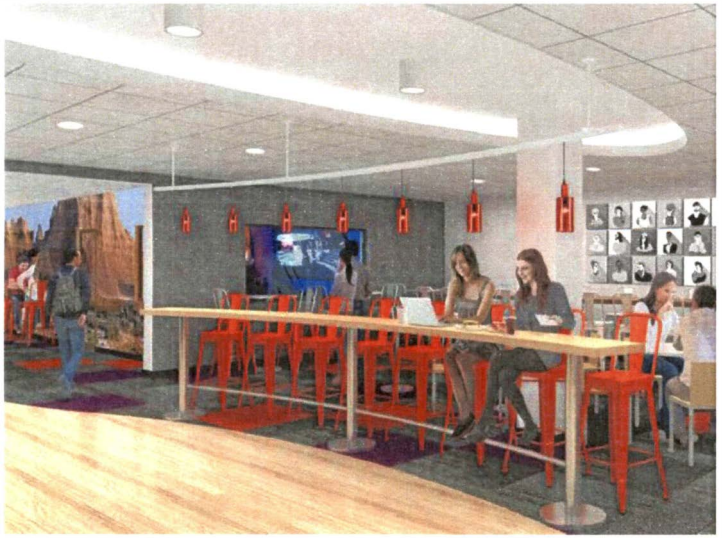
DEVELOP *community and belonging*



Student retention has risen to 71%

First to Second Year Retention Rate				
	2014	**2015**	**2016**	**2017**
Full Time Cohort	182	198	181	189
Returned	104	107	115	135
Retention Rate	**57%**	**54%**	**63%**	**71%**

- Blue Hawk Hub
- Sanford Sports Facility
- The Perch Dining
- The University Store
- Student Center as vibrant destination point

- Residential life programs
- One-Stop Shop / SOAR Center
- Student Athletic Council
- Campus workgroups to provide input

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FOUR YEAR *financial plan*

Over time, DSU has seen a decrease in funding. To be financially stable,

DSU has / is:

- Previously implemented expenditure reductions; for FY18 and beyond, implementing a financial strategy to enhance revenue and hold the line on expenditures
- Developing new programs and supports to increase enrollment
- Restructured campus housing and dining
- Fundraising
- Developing strategic community and academic partnerships

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FINANCIAL *reductions*

2017-19 DSU funding compared to 2015-17

2015-17	2015-17	2015-17		2017-19	2017-19	2017-19
Base	**One time**	**Total funding**		**Base**	**One time**	**Total funding**
$26,215,931	$2,681,844	$28,897,775		$17,806,843	$4,134,626	$21,941,469
						$2,000,000*
						$23,941,469

*$2M of DSU Reserves

IMPACT OF BUDGET REDUCTION

- Loss of additional 10 FTE
- Decreased library operations
- Communications and marketing reduced
- Waivers decreased
- STEM educational outreach programs eliminated
- Baseball discontinued
- Golf dropped

The 2019-21 proposed General Fund appropriation is $17,806,843

This is a 38% decrease from 2015-17

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BUDGET *comparison*

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Dickinson State University

Comparison of 2017-19 Base Budget
to 2019-21 SBHE Request and Executive Recommendation

State General Fund Appropriation

	2017-19 Base Level	Requested Adjustments	2019-21 SBHE Needs-Based Budget	Executive Recommendation	Difference from 2017-19 Base Level	Difference from SBHE Needs-Based Budget
Campus Operations	$ 17,806,843	$ -	$ 17,806,843	$ 17,588,442	$ (218,401)	$ (218,401)
Capital Assets	$ 409,078	$ -	$ 409,078	$ 409,078	$ -	$ -
Digitization Project	$ -	$ -	$ -	$ 750,000	$ 750,000	$ 750,000
Plant Improvement Carryover	$ -	$ -	$ -	$ -	$ -	$ -
Capital Projects - Non-State Funded	$ -	$ -	$ -	$ -	$ -	$ -
Capital Projects - Non-State Carryover	$ -	$ -	$ -	$ -	$ -	$ -
Operating Carryover	$ -	$ -	$ -	$ -	$ -	$ -
Total State General Fund	**$ 18,215,921**	**$ -**	**$ 18,215,921**	**$ 18,747,520**	**$ 531,599**	**$ 531,599**

Special Fund Authority

	2017-19 Base Level	Requested Adjustments	2019-21 SBHE Needs-Based Budget	Executive Recommendation	Difference from 2017-19 Base Level	Difference from SBHE Needs-Based Budget
Campus Operations	$ 29,707,922	$ -	$ 29,707,922	$ 30,641,487	$ 933,565	$ 933,565
Plant Improvement Carryover	$ -	$ -	$ -	$ -	$ -	$ -
Capital Projects - Non-State Funded	$ -	$ -	$ -	$ -	$ -	$ -
Capital Projects - Non-State Carryover	$ -	$ -	$ -	$ -	$ -	$ -
Operating Carryover	$ -	$ -	$ -	$ -	$ -	$ -
Total Special Fund Authority	**$ 29,707,922**	**$ -**	**$ 29,707,922**	**$ 30,641,487**	**$ 933,565**	**$ 933,565**

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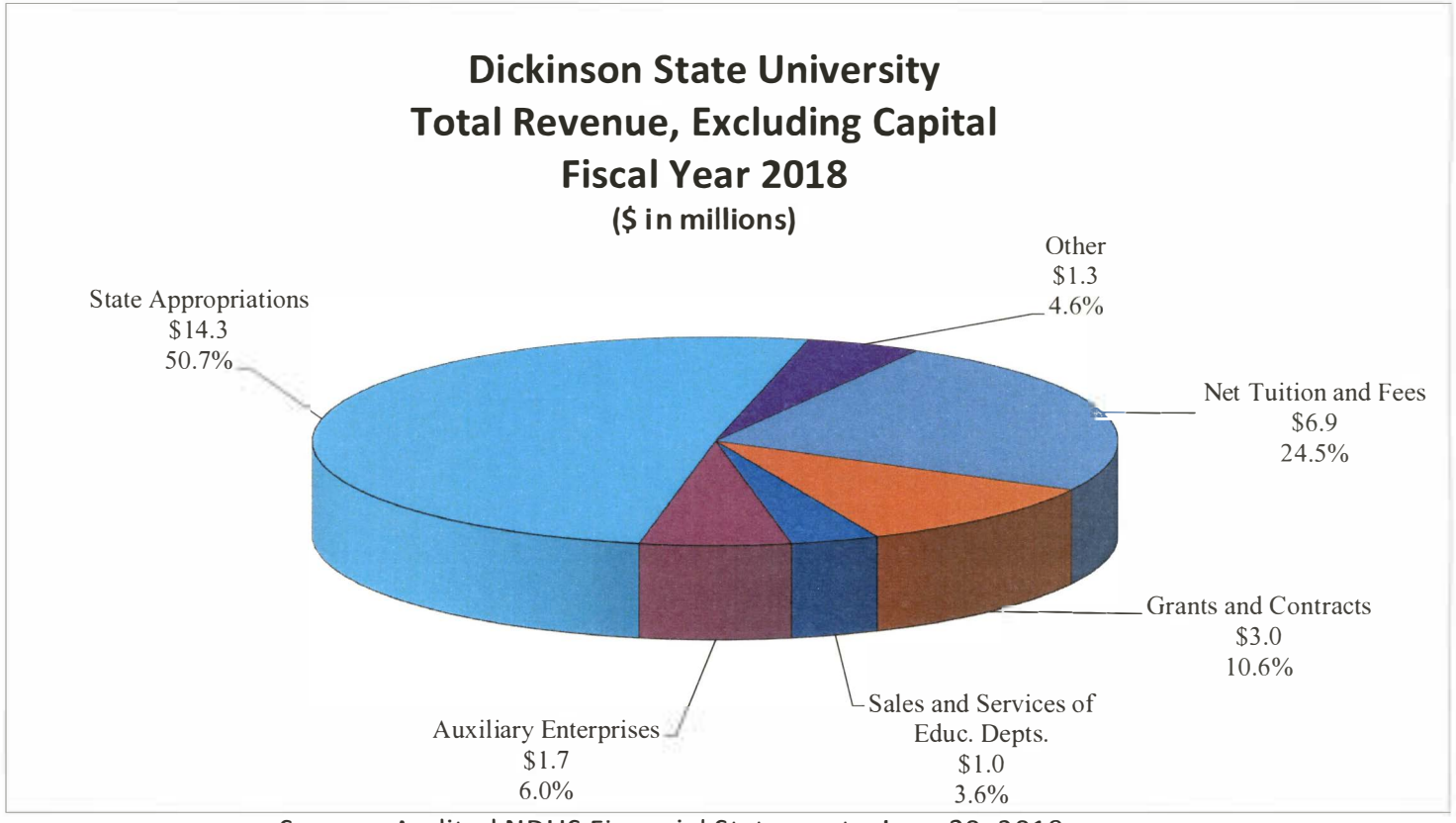
TOTAL REVENUE *excluding capital*



Source: Audited NDUS Financial Statements, June 30, 2018

Auxiliary Enterprises are the self-supporting activities of the campuses, such as bookstore, food service and housing.

Sales and Services of Educational Departments includes revenues related incidentally to instruction, research, public service and revenues of activities that exist to provide instructional and laboratory experience for students and incidentally creates goods and services that may be sold to students, faculty, staff and the general public. Examples are advertising in campus publications, fees for conferences organized by the institution and ticket sales for campus theatrical and musical events.

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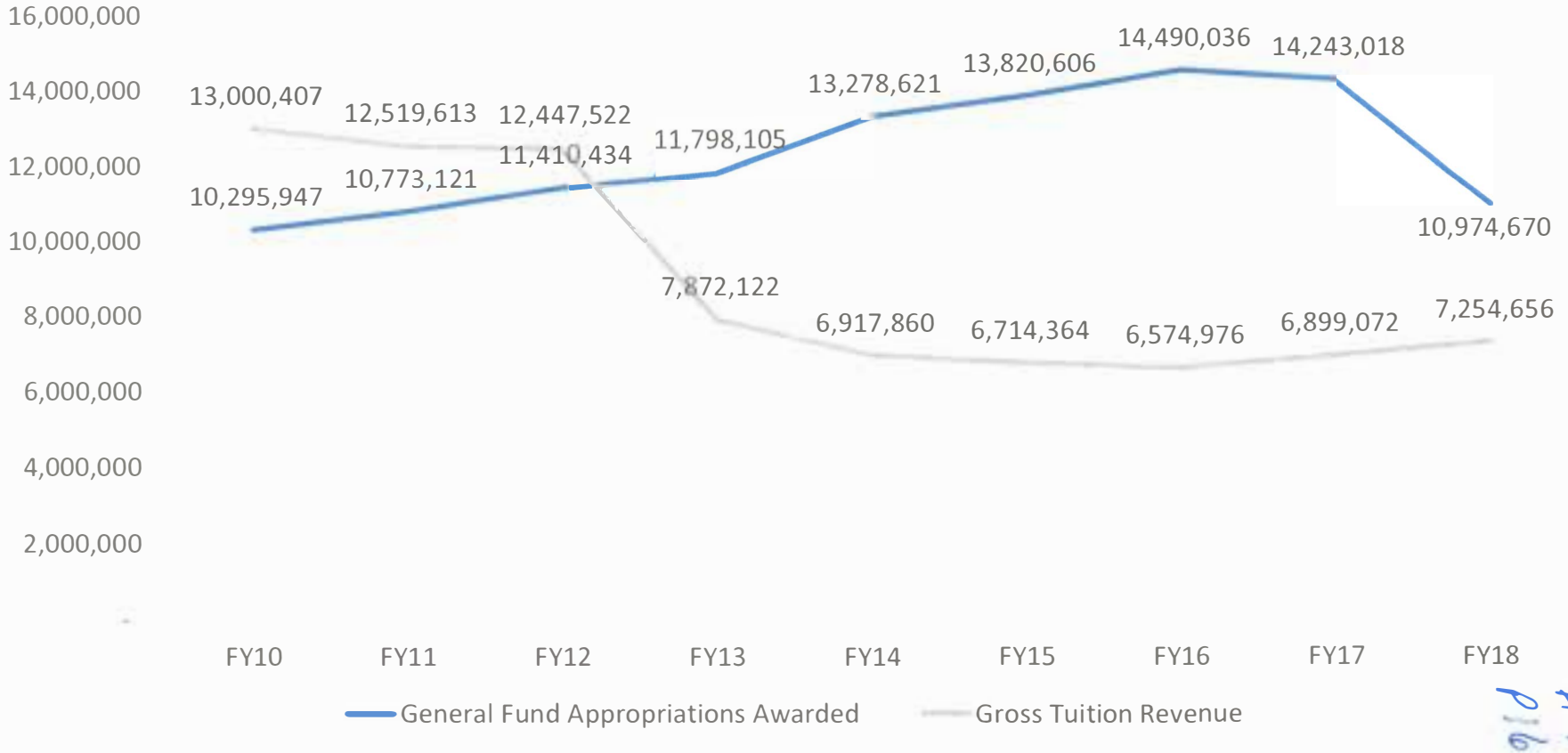
REVENUE TRENDS *general fund*

Trending in the direction for tuition to be a greater source of revenue than appropriations

- FY '10 - 44% appropriation, 56% tuition revenue
- FY '18 - 60% appropriation, 40% tuition revenue
- Four year plan goal is to be at 40% appropriation, 60% tuition revenue



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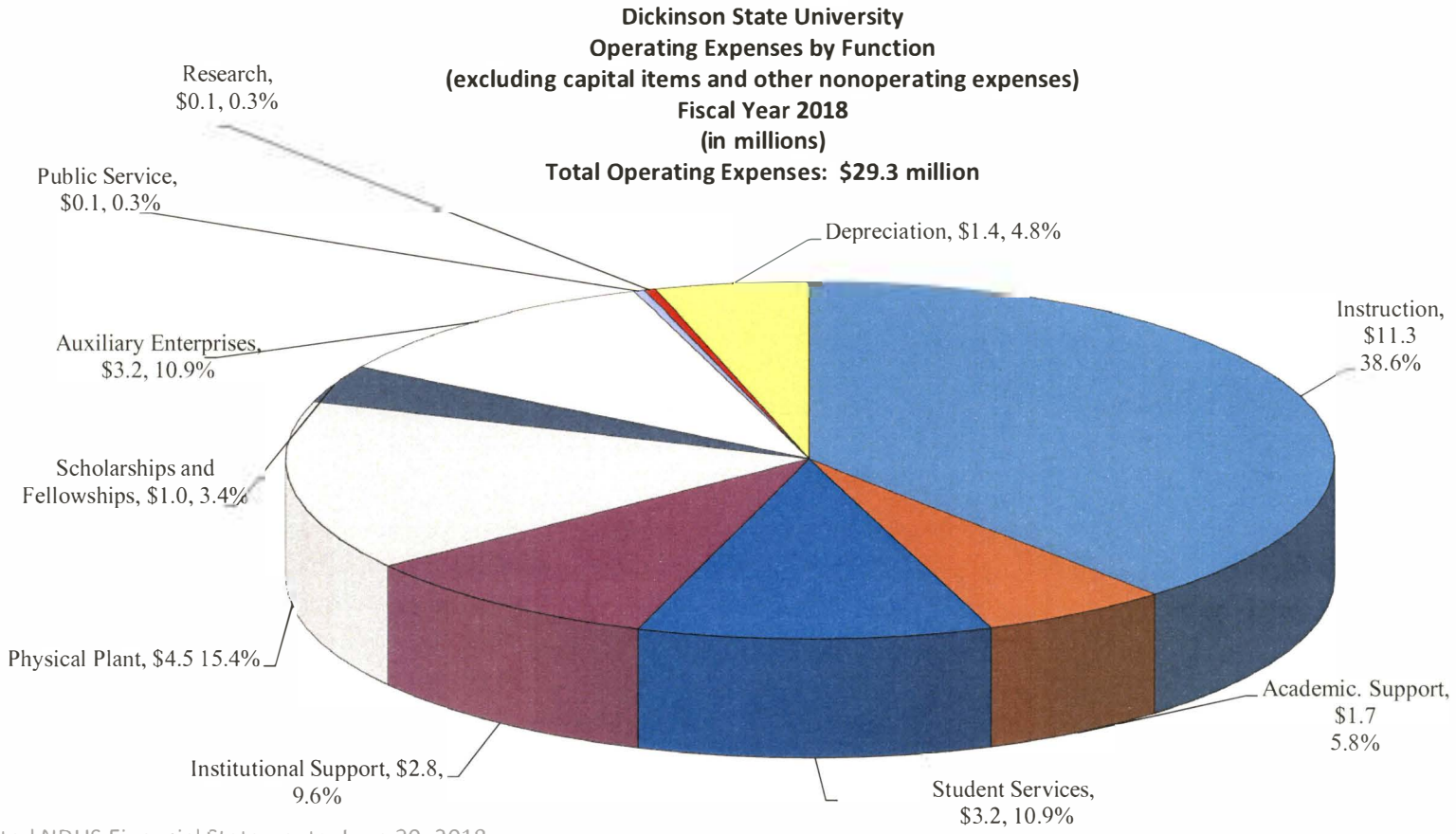
OPERATING EXPENSES *by function*



Source: Audited NDUS Financial Statements, June 30, 2018

The **instructional function** includes expenses related to instruction (e.g. classroom, distance ed and continuing education) and instructional support. **Academic support** includes libraries, academic deans, and other departments that directly support the academic unit of the campuses. **Student services** include offices that provide a specific service to students, including career services, registration, admission and counseling. **Institutional support** includes staff that supports the institution as a whole (e.g. business office, IT support and president's office). The **physical plant function** includes upkeep, maintenance and utilities for campus facilities. **Scholarships and fellowships** include aid provided to students. **Auxiliary enterprises** are the self-supporting activities of the campuses, such as bookstore, food service and housing. **Depreciation** represents the non-cash expense of capitalized assets over time. **Public service** includes activities established primarily to provide non-instructional services that are beneficial to individuals and groups external to the institution. The **research function** is activities specifically organized to produce research.

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OPERATIONAL AUDIT *findings and response*

Finding: **Inadequate Journal Entry Approval**
Condition: DSU does not have adequate approval process in place for general ledger entries

Action: DSU changed the journal entry form to include a line for the initials of the person creating the journal entry and a line for the initials of the person approving the journal entry. This was implemented in July 2017 when the new controller was hired.

Finding: **Inadequate Nepotism and Conflicts of Interest Policies**
Condition: DSU lacks a policy for documenting and monitoring nepotism. They only rely on the initial job application question. Also, the conflicts of interest policy is inadequate in regards to identifying and resolving potential conflicts.

Action: DSU created a form for employees to fill out when they are hired to inform DSU of any known conflicts of interest. is implementing a procedure during the on-boarding process to have employees inform DSU of any nepotism situations on campus. A list will be created and reviewed at fiscal year-end to make any necessary changes.

Finding: **Noncompliance over Procurement**
Condition: DSU had four procurement transactions that were not properly procured and one sole source purchase that was not adequately justified or exempt from the normal procurement process.

Action: DSU reviewed their purchasing policy to assure it was in alignment with NDUS procedure. The DSU controller and accounting specialist participated in OMB procurement training.

Finding: **Inadequate Controls over Capital Improvements**

Condition: For the Woods Hall asbestos removal contract, DSU did not maintain a retainage and did not capitalize the expense.

Action: DSU reviewed the invoices to make sure the proper retainage was maintained for each capital project and that the expenses were capitalized.

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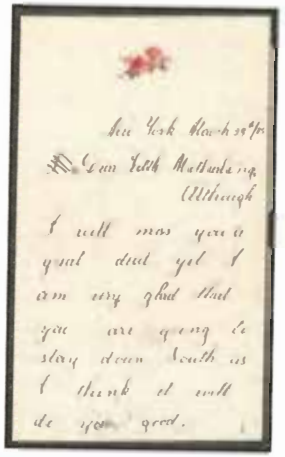
THEODORE ROOSEVELT *center*

The Theodore Roosevelt Center at Dickinson State University preserves and analyzes the legacy of America's 26th president, one of the most remarkable statesmen and intellectuals in American history.











Launched in 2009, the Center is achieved a landmark of 50,000 items published and cataloged in its digital collection in April 2018.

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THEODORE ROOSEVELT *center*

Since July 1, 2017

251,361 visitors to web site

Published **8,027** additional items

Responded to **157** patron requests. The TR Center served as a resource for a variety people this year including historical societies, the Travel Channel, the American Bar Association, university and PhD students conducting research, Disney, a tv station in Brazil and a middle school student preparing for a class presentation.

Cited in several new books, including:

- *The Soul of America: The Battle for Our Better Angels* by Jon Meacham
- *Leadership in Turbulent Times* by Doris Kearns Goodwin
- *The Cowboy President: The American West and the Making of Theodore Roosevelt* by Michael F. Blake
- *President McKinley: Architect of the American Century* by Robert W. Merry

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THEODORE ROOSEVELT *center*

- Historically, the TR Center received an appropriation of $800,000.
- In 2017-19, the TR Center received only $500,000 in appropriation.
- The current proposal for 2019-21 is $250,000.

- The Theodore Roosevelt Center at Dickinson State University is the heart of the effort to digitize all materials related to Theodore Roosevelt's life and presidency.

- In order to continue to make forward progress on the digitalization efforts, thereby expanding access for scholars and citizens, we request the Center be funded at $800,000 for this biennium.

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Slide 1: Testimony to the Senate Appropriations Committee

Alan LaFave, D.M.A., President
Valley City State University
March 18, 2019

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Slide 2: Serving North Dakota since 1890

Thank you for the opportunity to share the story of Valley City State University.

Founded in 1890 as a normal school, VCSU remains true to its heritage and has an outstanding reputation for producing some of the finest K-12 educators in the region.

VCSU enhances the learning experience by providing full-time students with access to their own laptop, advanced multimedia technology, high-speed wireless networking, and classrooms equipped with the latest educational technology. A student-faculty ratio of 13:1 gives students one-to-one access to faculty in ways that are impossible at other universities.

The 55-acre campus is bordered on the south by a forested hillside and on the north by the Sheyenne River. Campus architecture features a graceful blend of historic and modern buildings. The central campus is listed on the National Register of Historic Places as a Historic District, and in May 2017, BuzzFeed named VCSU's campus the most beautiful college campus in North Dakota.

Thank you for your service to the citizens of North Dakota. We do not take that support for granted, and we are very cognizant of the complex decisions you must make.

We are grateful for your support, and we focus our efforts on being good stewards of the resources you entrust to us.

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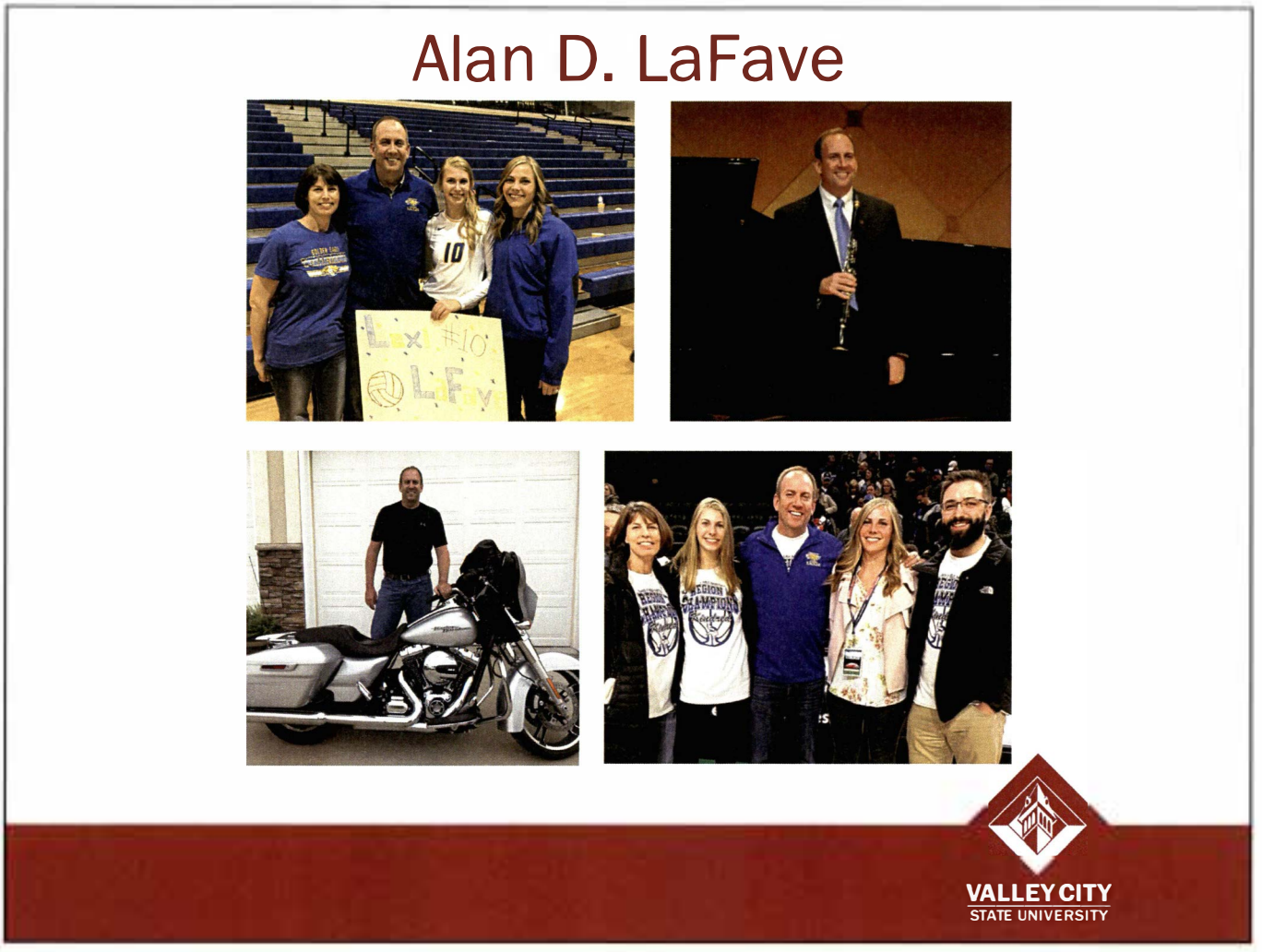

Slide 3: Alan D. LaFave

On Sept. 27, 2018, the State Board of Higher Education selected Alan LaFave, D.M.A., as the next president of Valley City State University. LaFave formally began his service to VCSU on Dec. 17, 2018. He previously served as provost and vice president for academic affairs at Northern State University in Aberdeen, S.D.

An accomplished musician, LaFave holds doctoral and master's degrees in clarinet performance from Arizona State University, where he studied under the renowned Robert Spring. LaFave also holds a bachelor's degree in music education from Northern State.

LaFave's family includes his wife, Kari; daughters Lexi and Ashley; and son-in-law Logan Fahnhorst.

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Career Impact



Administrative Experience
Northern State University, Aberdeen, S.D. (1991-2015)

- Provost, Vice President for Academic Affairs
- Dean, School of Fine Arts
- Interim Dean, Graduate and Extended Studies
- Associate Dean, School of Fine Arts
- Department Chair, Music

Teaching Experience

- Instructor, Assistant Professor, Associate Professor, Professor of Music, Northern State University
- Instructor of Music, Augustana College, Sioux Falls, S.D.
- Instructor of Music, Grand Canyon University
- Graduate Teaching Assistant, Arizona State University
- Director of Bands, Aberdeen Central High School

VALLEY CITY STATE UNIVERSITY

Slide 4: LaFave Administrative and Teaching Experience

At Northern State University, LaFave worked his way through the faculty ranks from instructor to full professor in the music department (1991-2015).

He also served as music department chair (1994-97) and associate dean and dean of the School of Fine Arts (1997-15).

LaFave served as provost and vice president for academic affairs from 2015-18.

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Slide 5: We All Row!

The learning and living community at Valley City State University lives its core values:

- **Student-focused**: We place students at the center of all decisions.
- **Innovative**: We try new things to help create the future.
- **Learning-centered**: We develop and sustain a culture of lifelong learning.
- **Collaborative**: We work synergistically to advance our mission.
- **Engaged**: We actively participate in the collective work of the university.



Slide 6: National Recognition

Valley City State University is ranked third among Midwest public regional colleges in the 2019 U.S. News & World Report Best Colleges rankings. VCSU has now been named a U.S. News "Best College" for 21 consecutive years, and the university has been ranked in the top three Midwest public regional colleges each year since 2010.

Eighty colleges and university, including 13 public institutions, are included in the U.S. News "Regional Colleges in the Midwest" category. The region includes 12 states: North Dakota, South Dakota, Minnesota, Wisconsin, Michigan, Ohio, Indiana, Illinois, Iowa, Missouri, Kansas, and Nebraska.

VCSU has also been recognized as one of 25 college and universities on the "Hidden Gems of the Midwest" list by the Online Schools Center.

In describing the colleges and universities included on the list, the editors of Online Schools Center had this to say: "These Midwest regional gems represent some of the finest colleges in America that are often overlooked. Students at each one of these schools cherish their experiences and exit their academic institutions with well-defined skills in their department, strong networking connections, and invaluable memories."

VCSU was cited in particular for its teacher preparation programs: "VCSU supports one of the best departments for elementary education in America. The well-accredited programs offer undergraduate and graduate students numerous endorsements and certification preparation programs that develop some of the strongest teachers in the nation."

Also on the list is the University of North Dakota, along with other notable college and universities from throughout the Midwest, including Augustana in South Dakota, St. Olaf and Gustavus Adolphus in Minnesota, Grinnell and Luther in Iowa, Beloit and Lawrence in Wisconsin, Wheaton in Illinois, Hope in Michigan, DePauw and Earlham in Indiana, and Denison and Oberlin in Ohio.

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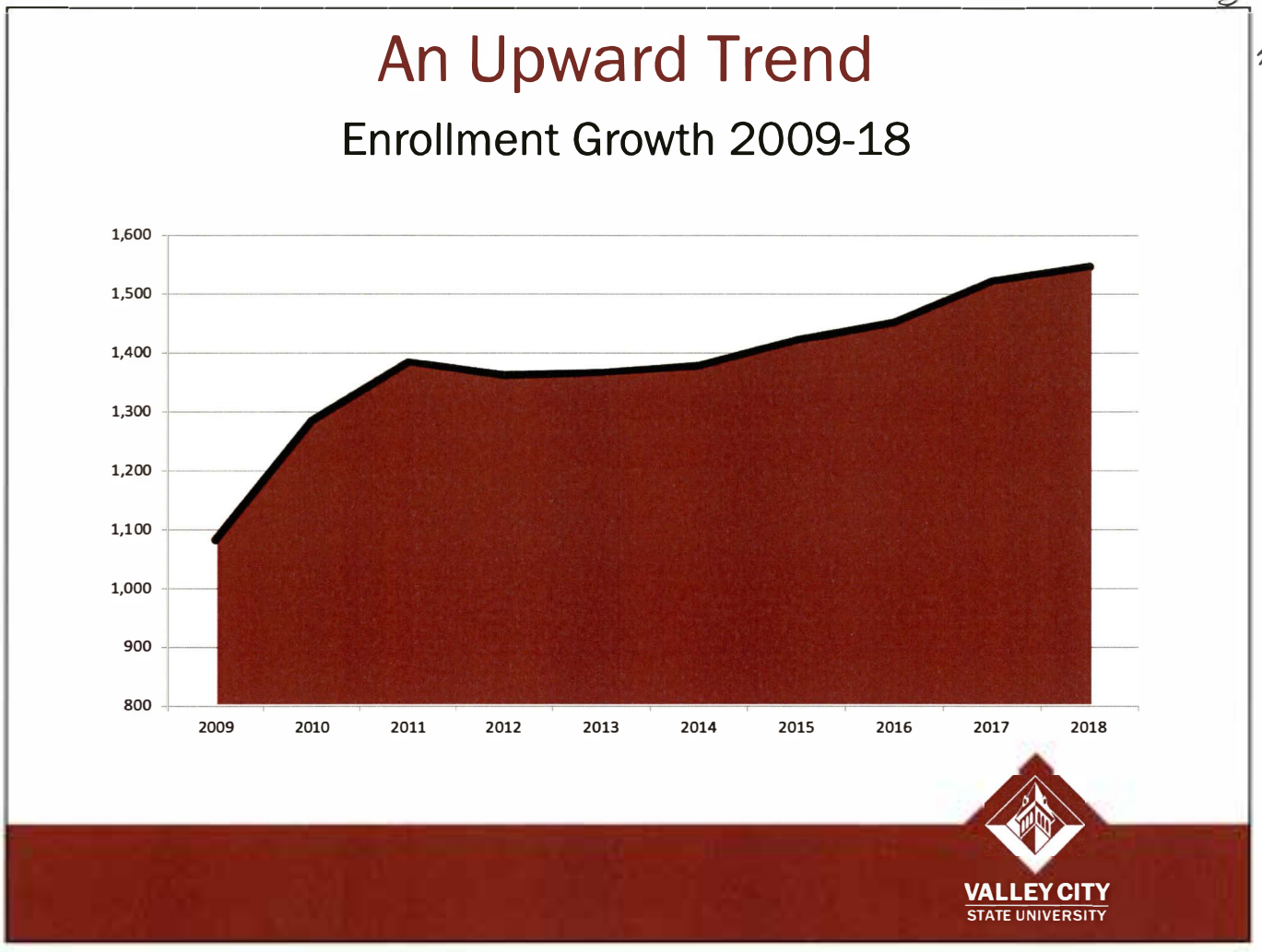
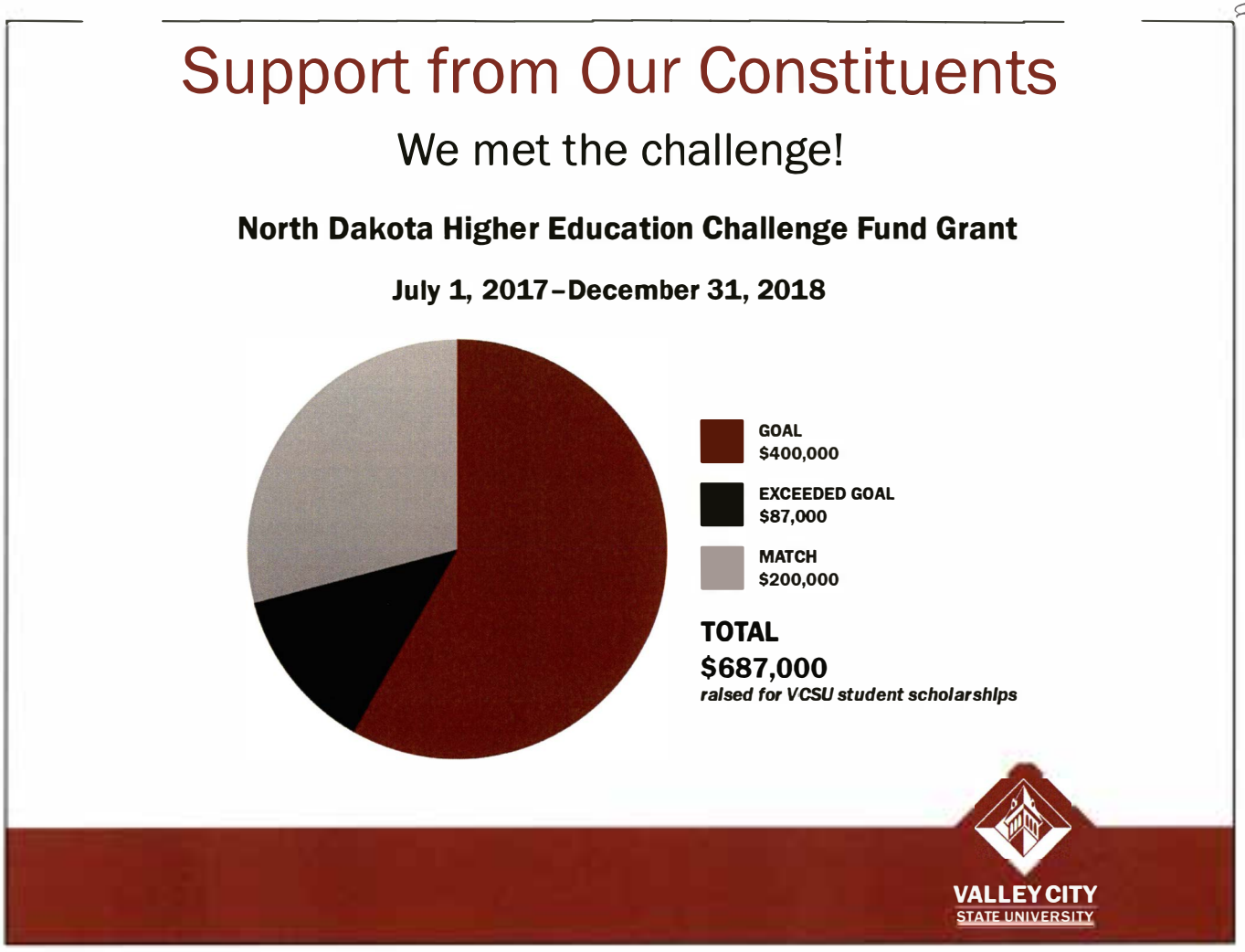


Slide 7: Enrollment Growth 2009-18

	Total	*Undergraduate*	*Graduate*
2009	1,083	961	122
2010	1,285	1,138	147
2011	1,384	1,227	157
2012	1,362	1,214	148
2013	1,366	1,211	155
2014	1,378	1,234	144
2015	1,422	1,278	144
2016	1,452	1,298	157
2017	1,522	1,372	150
2018	1,547	1,404	143

North Dakota students comprise two-thirds of our student body, with 11 percent coming from Minnesota and 6 percent from Wyoming. Almost three-fourths of the 2018 freshman class is from North Dakota.

Note that VCSU's spring enrollment numbers have also reflected this growth trend; according to official census figures for spring semester 2019, VCSU shows a record spring headcount of 1,517 students.



Slide 8: N.D. Higher Education Challenge Fund Grant

The state's 1:2 match through the Higher Education Challenge Fund program has helped us increase scholarship support for our students.

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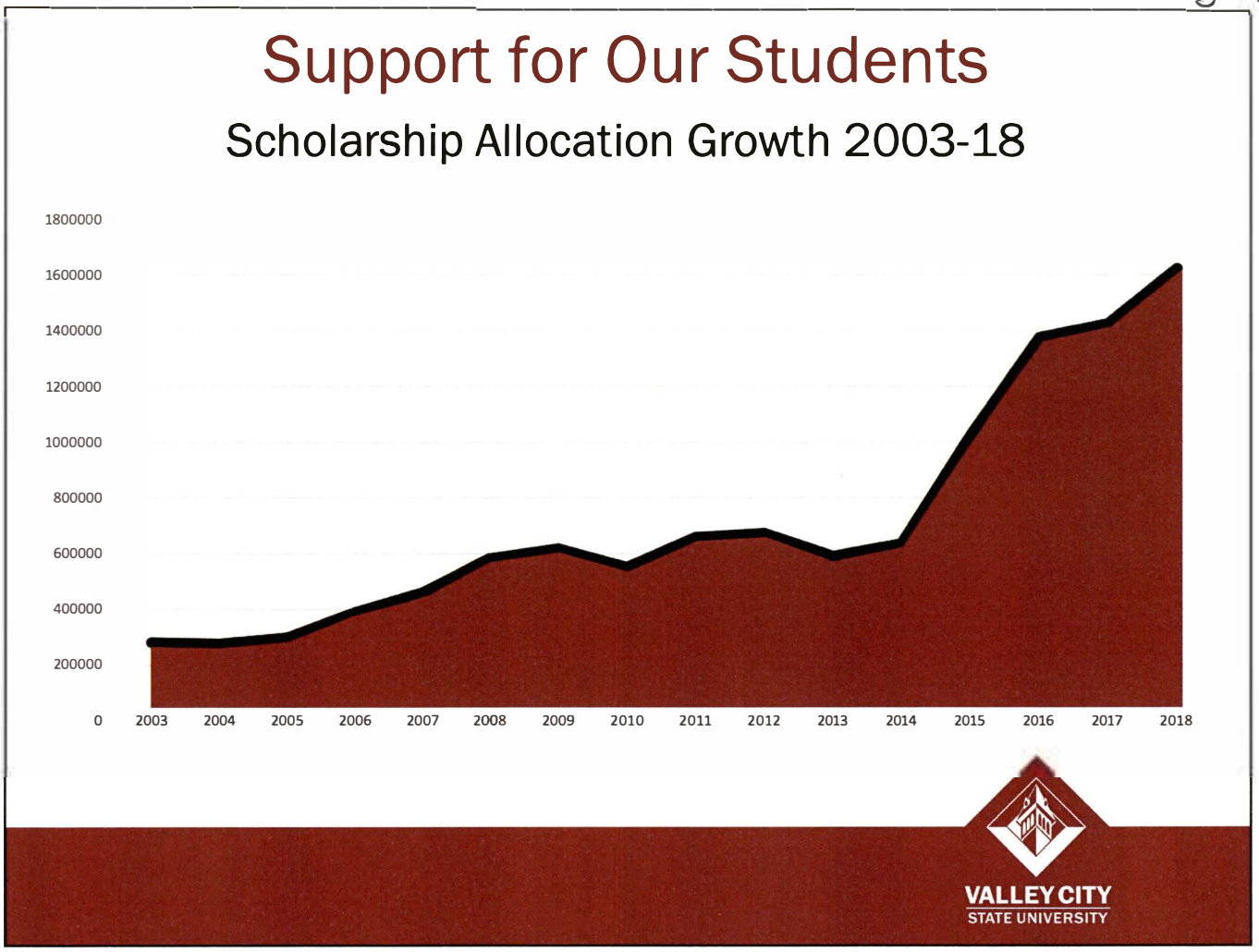

Slide 9: Scholarship Allocation Growth 2003-18

Through the Challenge Fund program and the support of our alumni and friends, we've been able to increase our student scholarship allocation significantly over the years.

Year	*Dollars*
2003	281,964
2004	276,928
2005	298,728
2006	390,192
2007	460,619
2008	583,239
2009	617,774
2010	551,956
2011	660,492
2012	673,331
2013	591,595
2014	635,355
2015	1,024,000
2016	1,375,000
2017	1,425,000
2018	$1,623,000

The VCSU Foundation Board recently allocated an addition of $100,000 to the scholarship allocation for 2019-20, increasing merit scholarships and establishing a grant program aimed to help students and families who do not qualify for federal assistance.

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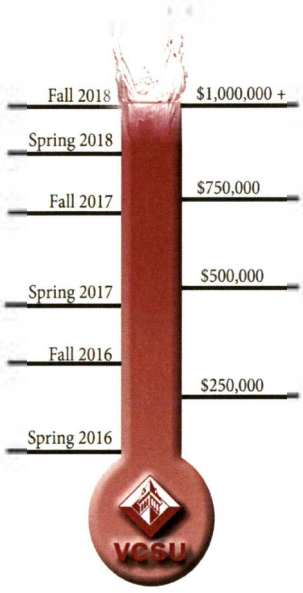
Support for Our Students

OER (Open Educational Resources)



- VCSU students have saved more than $1 million in textbook costs since Spring Semester 2016.
- State audit through Fall 2017 noted: "The cumulative total…at VCSU was 251 OER courses, by far the highest number of courses of all NDUS institutions…."

VALLEY CITY STATE UNIVERSITY

Slide 10: OER (Open Educational Resources)

Many VCSU faculty now utilize OER (Open Educational Resources) in their courses. The use of the free resources in place of textbooks has collectively saved VCSU students more than $1 million since their implementation in spring 2016.

The cost savings is significant, but perhaps more important is the equal access to learning resources at any time provided to those previously unable to afford their own textbook.

In addition, the use of multimedia in OER meets a variety of learning styles, heightening both student and faculty engagement.

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Slide 11: Accreditations

Accreditation from external governing bodies in higher education recognizes the academic excellence of VCSU and the rigorous standards of its programs, and ensures regular monitoring and reporting for continuity over time.



Slide 12: Faculty-Mentored Student Research

Connecting students with faculty members in research projects provides the type of deep investigative learning that goes beyond the classroom experience

Yaritza "Yari" Villanueva of Minto, North Dakota, graduated from VCSU in December 2018 with a triple major in biology, environmental science, and fisheries and wildlife science (fisheries concentration).

In addition to her classroom academics, she spent the last two summers doing grant-funded biology research on cool-season grasses with VCSU faculty member Lauren Dennhardt to determine which grass varieties work best for creating healthy habitat in North Dakota. Yari also worked as a technician in the VCSU Macroinvertebrate Lab.

Yari served as a residence hall director and resident assistant on campus. At VCSU, she was a member of the American Fisheries Society Student Subunit, the Fisheries and Wildlife Conservation Club, the Native American Cultural Club, National Society of Leadership and Success, and the Pre-Professional Club. Yari also assisted with the regional Science Olympiad at VCSU from 2015–17.

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High-Impact Practices

Music production and recording studio



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Slide 13: Music Production and Recording Studio

A recording engineering/production studio on campus provides VCSU students with hands-on opportunities to use professional equipment and software to record tracks, edit, mix, and master their own music.

Music 209, Modern Audio Recording, is a required course for all VCSU music education majors. It provides an introduction to audio engineering techniques—recording, editing and mixing creative work—as well as basic principles of acoustics and psycho-acoustics.

Computer-based recording equipment is used to demonstrate modern recording theory and practice. The use of virtual instruments, MIDI sequencing and loops are also covered, and students gain experience recording live events.

Companion courses in the music curriculum include an advanced course in recording, two courses in audio production, and a course in electronic music production.

Students can add a music production and recording minor or certificate to their degree, broadening their knowledge and abilities, and augmenting their professional portfolios.

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High-Impact Practices

Substitute Teacher Program



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Slide 14: Substitute Program

The VCSU elementary education program brought its unique Substitute Teacher Program to the Valley City Public Schools this fall. Through the substitute program, VCSU junior and senior elementary education majors spent eight Fridays each semester as substitute co-teachers at Washington and Jefferson schools.

Each Friday, 16 VCSU students, paired in groups of two, covered eight classrooms at the elementary schools, while the Valley City Public School teachers used the time away from class for professional development opportunities.

While the classroom teacher was out, two VCSU students led the elementary students through their daily routines, educational activities and learning plans. Working as a pair, the VCSU preservice teachers were able to connect theory to practice. A VCSU professor supervised the university students all day, providing support, answering questions and helping the student substitute teachers make connections.

The Substitute Program provides local schools help in two ways. Because substitute teachers can be difficult to find, the program develops a new pool of candidates trained to fulfill this high-need position. VCSU students are encouraged to apply for their substitute teaching licenses, and after effectively completing six Fridays, students are encouraged to substitute teach throughout North Dakota.

Another advantage is the professional development component. Because the college students are not paid—substitute teachers typically cost $120 a day—the public schools can afford to spend the day training a large group of their teachers without incurring additional expense.

Although new to the Valley City Public Schools, VCSU began the implementation of its Substitute Teacher Program in 2014 in the West Fargo Public Schools. Along with Valley City, the substitute program has also been brought to Fargo Public Schools this fall.



Slide 15: Internships and Career Readiness

Direct experience in a work setting related to their academic interests provides students a means to develop their skills and explore career opportunities. Internships are available to both on-campus and online/distance students; at VCSU, 86 percent of student interns serve North Dakota employers.

VCSU students do well in their internship experience; follow-up surveys show that 97 percent of the students would be recommended for full-time employment by their internship supervisor.

The Career Services Office does regular outreach to local and regional employers to enhance internship placements, campus visits, and recruitment efforts.

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Slide 16: Three-Year Graduates

In May at our spring 2018 commencement ceremony, we recognized 21 students who completed graduation requirements in less than 4 years; 15 more who accomplished this same feat were recognized at winter 2018 commencement in December.

These highly motivated students typically bring credits with them from high school, and with the help of faculty advisors, they're able to chart an accelerated path to completion of their VCSU degrees.

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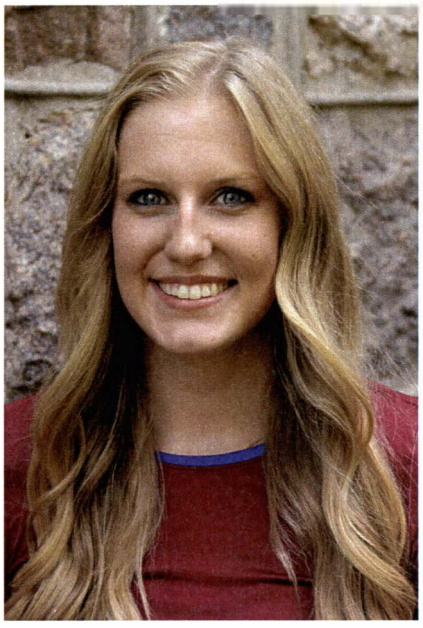
Student-Athlete Experience

Team and leadership development





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Slide 17: Student-Athlete Experience and Athletic Success

Autumn Johnson, a senior from Hazen, N.D., epitomizes the VCSU Viking student-athlete experience.

In addition to playing on the volleyball team, Autumn leads the VCSU student body as Student Senate president.

Autumn was named a named a Daktronics-NAIA Scholar-Athlete for the second time this fall and was also chosen as the Vikings' volleyball recipient of the North Star Athletic Association Champion of Character Award.

The Viking athletic program enjoyed many successes in calendar year 2018.

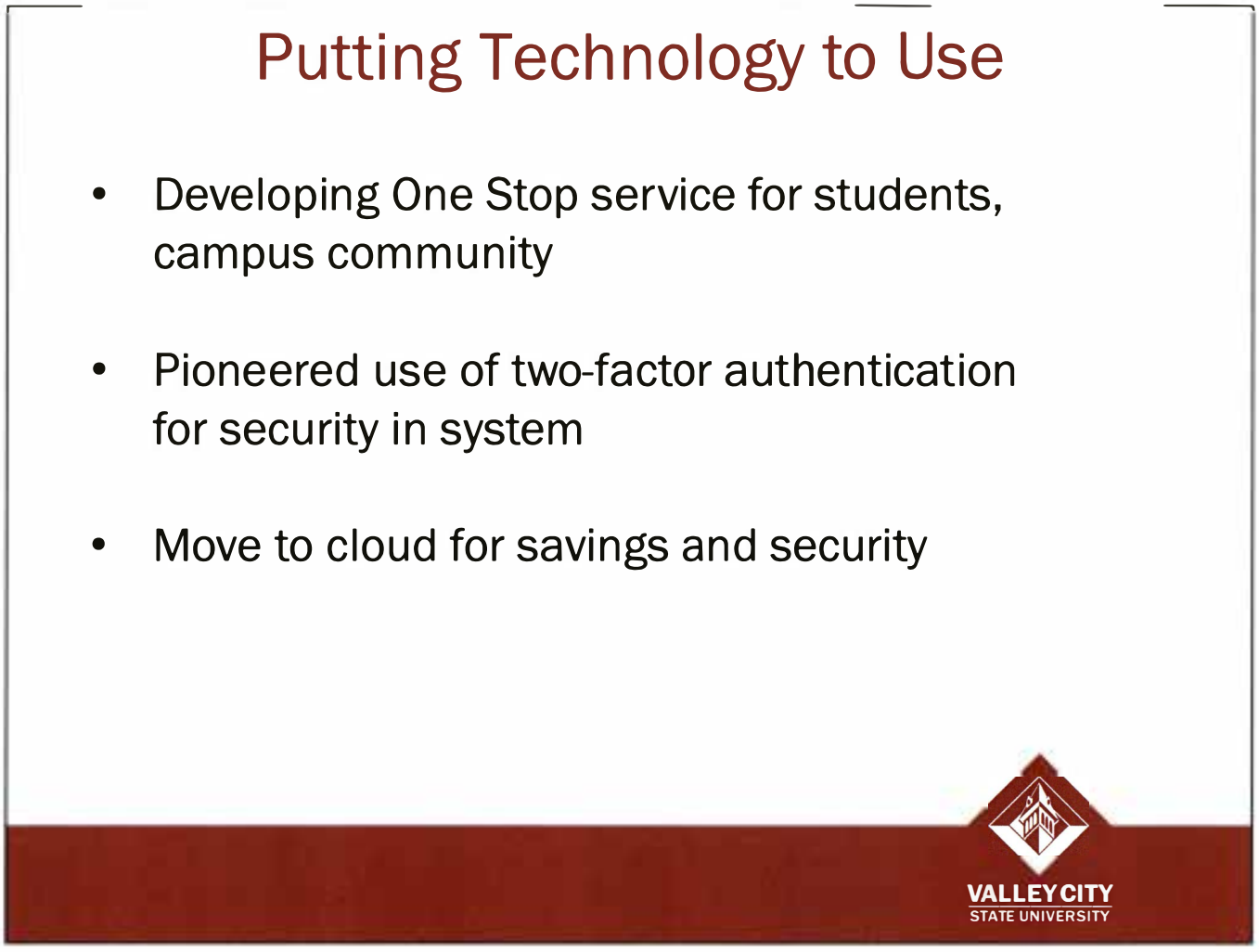
Women's basketball won the conference tournament championship in February and advanced to the NAIA national tournament in March.

The softball squad was ranked in the national Top 25 poll for the first time in program history last spring.

Track and field's Megan Johnson (triple jump) and Kyle Odegard (javelin) earned All-American honors at the NAIA national meet in Gulf Shores, Ala., in May.

In the fall came notice that the Viking athletic program had earned NAIA Champions of Character recognition for the 16th consecutive year and silver-level recognition for the second straight year.

And in November, three cross country student-athletes—Grace Miller, Allyssa Weitkum and Riley Roy-Lagasse—ran at nationals in Cedar Rapids, Iowa.



Slide 18: Putting Technology to Use

The Department of Technology Services provides technology support for teaching/learning and administrative initiatives on campus.

In addition to its dedicated support of VCSU's laptop program, in which every full-time student is issued a laptop computer, the department is held in high regard for its expertise and innovation.

The department was the first entity within NDUS to implement two-factor authentication for all employees using Office 365. This increased data security and has led the way for wider NDUS adoption.

The department is currently creating a virtual one-stop service, VCSU One Stop, to provide a student-centered approach to delivering administrative services. This will provide on-campus and distance students, as well as employees, with convenient access to services. The service includes live chat and a back end with ticketing and reporting.

In response to budget reductions, VCSU moved our backup servers and data storage from on-premise equipment to the cloud. This saved over $130,000 and has made disaster recovery more robust.

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Slide 19: Preparing Teachers for North Dakota

Our founding mission in 1890 was to prepare teachers for North Dakota, and although we've broadened our academic horizons, we've never lost sight of that original goal. VCSU remains at the forefront of teacher preparation programs.

Among our 1,404 undergraduate students in fall 2018, 347 (30 percent) were majoring in elementary education, with an additional 253 (18 percent) majoring in secondary education disciplines.

More than 140 students are enrolled in our graduate programs, augmenting their teaching credentials through our M.Ed. program or adding teaching credentials to an existing non-teaching degree with our M.A.T. program.

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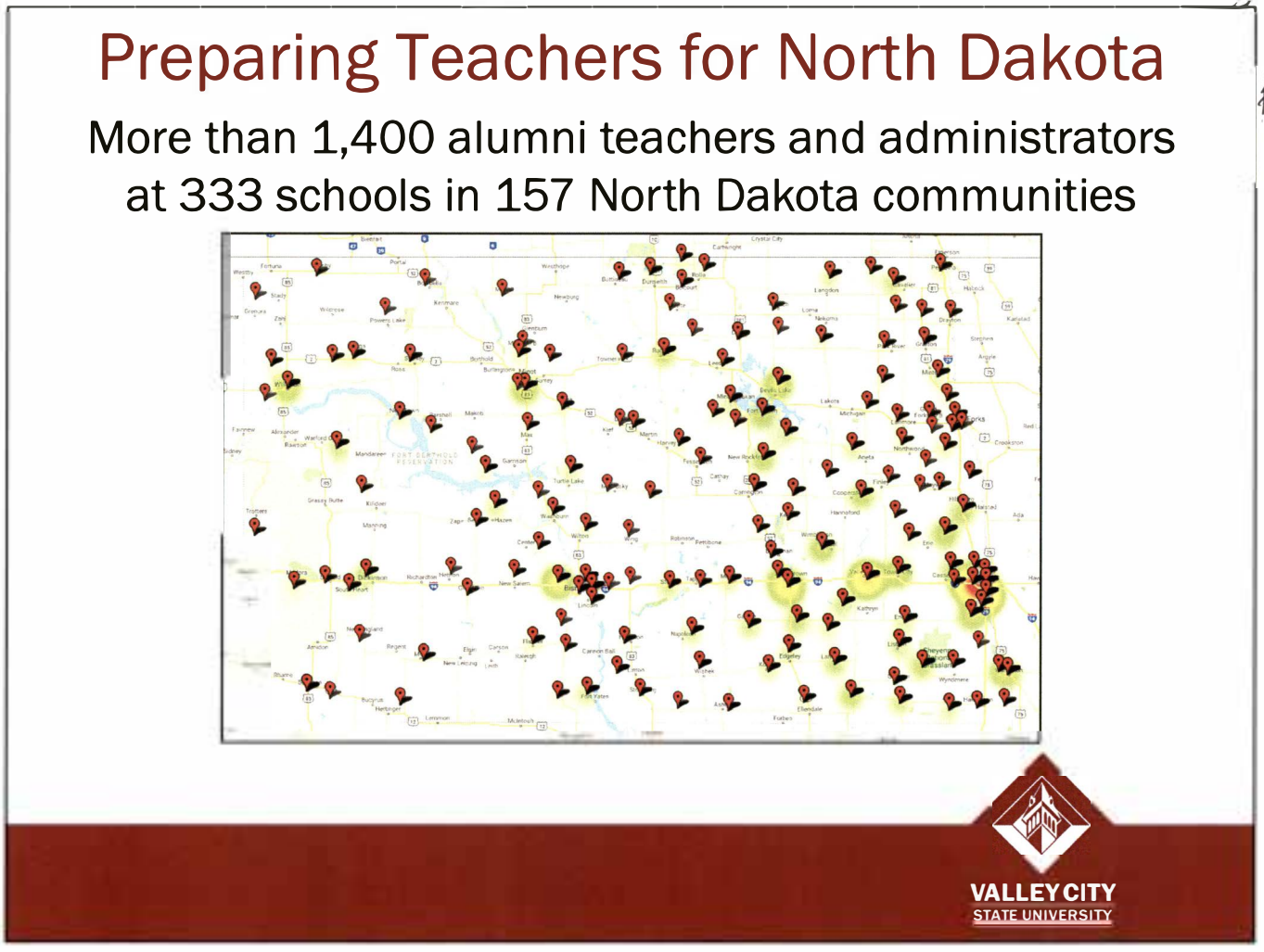

Slide 20: Map of Alumni Teachers and School Administrators

Valley City State University continues its founding mission of providing teachers for North Dakota: 1,413 VCSU alumni serve as licensed teachers and administrators in 333 schools and educational units serving 157 communities throughout the state.

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Slide 21: Academic Centers

VCSU is home to three academic centers that provide vital services for the state.

The Prairie Waters Education and Research Center provides environmental education and research opportunities for students, teachers and professionals in North Dakota. Prairie Waters connects K-12 students with water resources in a number of classroom and field experiences, provides water-sampling certification workshops for state employees, and does contract research for state agencies such as the Department of Health and North Dakota Game and Fish.

The Don Mugan CTE Leadership Center serves as a conduit for the recruitment, retention and succession of high-quality career and technical education (CTE) teachers and administrators. Delivery methods include online coursework, interactive video, and workshops delivered on and off campus.

The Great Plains STEM Education Center (GPSEC) provides professional development programs for K-12 teachers and administrators and promotes high-impact, effective learning opportunities for students. GPSEC also seeks to establish connections with businesses and industries that recognize the need to prepare high school graduates to be career and college-ready, equipped with essential problem-solving and communication skills.

Community Collaboration

VCSU economic impact on Valley City = $104.6 million (FY17)



VALLEY CITY
STATE UNIVERSITY

Slide 22: Community Collaboration

Much has changed at Valley City State University since the Normal School was founded in 1890, but one constant has withstood the test of time—the mutually supportive relationship between the school and the community.

Time after time, the university and the greater Valley City community have stood together as successful partners, enjoying and contributing to each other's successes and working together to overcome trials and tribulations. The accolades that Valley City receives are shared with the university, and VCSU's state, regional and national recognition reflects well on the community.

The university provides outstanding opportunities for area residents to further their educations with a host of program and degree options. Many from the local area have studied on campus, and the community is full of loyal VCSU alumni.

VCSU students, faculty and staff also form a portion of the Valley City community, and likewise area residents connect with the university by participating in campus activities and attending VCSU music and fine arts events, along with Viking athletic contests.

Economic impact works both ways as well. The university depends on the financial support of the community, and VCSU contributes much to the local economy—more than $104.6 million according to the latest study.

The Gaukler Family Wellness, Health and Physical Education Center stands as testimony to the university and community working together for mutual benefit, and the walk bridge connecting campus to community symbolizes the link between town and gown. May those bonds continue to strengthen and grow for years to come.

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Financials

Budget comparison

State General Fund Appropriation

	2017-19 Base Level	Requested Adjustments	2019-21 SBHE Needs-Based Budget	Executive Recommendation	Difference from 2017-19 Base Level	Difference from SBHE Needs-Based Budget
Campus Operations	$ 19,973,679	$ 580,322	$ 20,554,001	$ 19,767,327	$ (206,352)	$ (786,674)
Capital Assets	$ 455,823	$ -	$ 455,823	$ 455,823	$ -	$ -
Plant Improvement Carryover	$ 2,268,232	$ (2,268,232)	$ -	$ -	$ (2,268,232)	$ -
Capital Projects - Non-State Funded		$ -			$ -	$ -
Capital Projects - Non-State Carryover		$ -			$ -	$ -
Operating Carryover	$ 2	$ (2)	$ -	$ -	$ (2)	$ -
Total State General Fund	**$ 22,697,736**	**$ (1,687,912)**	**$ 21,009,824**	**$ 20,223,150**	**$ (2,474,586)**	**$ (786,674)**

Special Fund Authority

	2017-19 Base Level	Requested Adjustments	2019-21 SBHE Needs-Based Budget	Executive Recommendation	Difference from 2017-19 Base Level	Difference from SBHE Needs-Based Budget
Campus Operations	$ 28,470,657	$ (2,532,038)	$ 25,938,619	$ 25,992,086	$ (2,478,571)	$ 53,467
Plant Improvement Carryover		$ -	$ -		$ -	$ -
Capital Projects - Non-State Funded	$ 22,500,000	$ (22,500,000)	$ -	$ 3,900,000	$ (18,600,000)	$ 3,900,000
Capital Projects - Non-State Carryover		$ -			$ -	$ -
Operating Carryover		$ -			$ -	$ -
Total Special Fund Authority	**$ 50,970,657**	**$ (25,032,038)**	**$ 25,938,619**	**$ 29,892,086**	**$ (21,078,571)**	**$ 3,953,467**

VALLEY CITY STATE UNIVERSITY

Slide 23: Budget Comparison

The VCSU 2017-19 base-level state funding is $19,973,679, with $408,000 in our 2:1 match capital assets and an additional $47,823 for equipment purchases on campus to make up our total capital assets line. The $2,268,232 is mostly comprised of funding for the heat plant, which was begun in the last biennium and finished in October 2017.

We are asking for an increase of $580,322 to fund raises of 4 percent each year of the biennium for our employees. This amount is the net result of the increased funding for raises and a funding formula decrease.

The executive recommendation would eliminate an additional $206,352 from current levels. Taking the raises into consideration, we would need to come up with an additional $786,674 over the biennium to continue current operations.

In our special fund authority, we have a base decrease because of changes in grants and fewer employees. We also removed the special funding for activated carbons. The executive budget adds back funds for renovating McCarthy Hall to replace our music building.

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Financials

Explanation of base and cuts

	2015-17 Original Budget	2016 Allotment	Budget Reduction	2017-19 Original Budget	2019-21 Budget SBHE Needs-Based Budget	Executive Recommendation
Campus Operations	25,061,349	(1,839,000)	(5,039,829)	19,973,697	20,554,001	19,767,327
Capital Assets	14,697,319	(769,000)		455,823	455,823	455,823
Plant Improvement Carryover	2,536,758			2,268,232		
Total	42,295,426	(2,608,000)	(5,039,829)	22,697,752	21,009,824	20,223,150

Budget Reduction		
2016 Allotment (15-17 biennium)	2,608,000	6.05%
2017-19 Budget Reduction	5,039,829	20%
Total	7,647,829	

VALLEY CITY STATE UNIVERSITY

Slide 24: Explanation of Base and Cuts

At the beginning of the 2015-17 biennium, we had a base budget of $25,061,349, plus $408,000 in the capital line for the 2:1 match. We also had a major capital project to replace our heat plant.

With the allotment, the total amount given us was reduced by $2.6 million. These one-time reductions were met by leaving open positions unfilled, decreases in operating dollars, reductions in our capital project (the heat plant), and the use of some of our reserve.

We were asked to cut an additional 20 percent of the ongoing budget for our current appropriation, totaling a little over $5 million dollars. This was achieved through eliminating 14 FTE employees; reducing travel, professional fees, and operating budgets; as well as cuts to Technology Services and major equipment purchases.

These reductions were felt deeply across campus in every department as we came together to find the best way forward.

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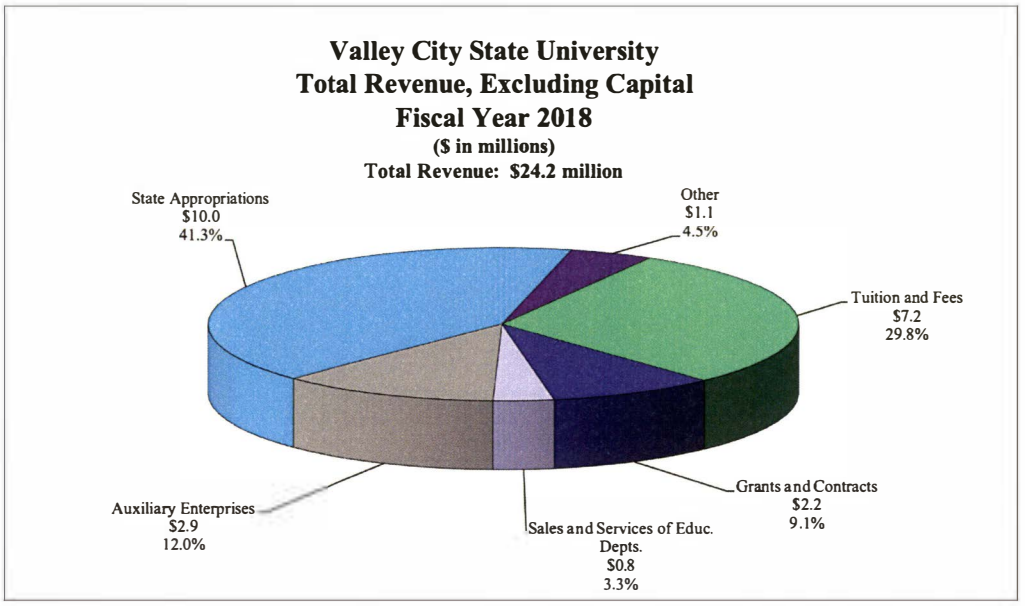
Financials

FY18 Total Revenue



VALLEY CITY STATE UNIVERSITY

Slide 25: FY18 Total Revenue

Revenue: 41 percent of our revenues came from the state, 30 percent from tuition, 12 percent from our auxiliary enterprises, and 17 percent from grants, gifts, and other activities.

REVENUE	**FY 2017-18**	
Funding Source	*Millions*	*% of Total*
State Appropriations	$10.0	41.3%
Student Tuition and Fees	7.2	29.8%
Gifts, Grants and Other	4.1	16.9%
Auxiliary Enterprises	2.9	12.0%
Total	**$24.2 million**	

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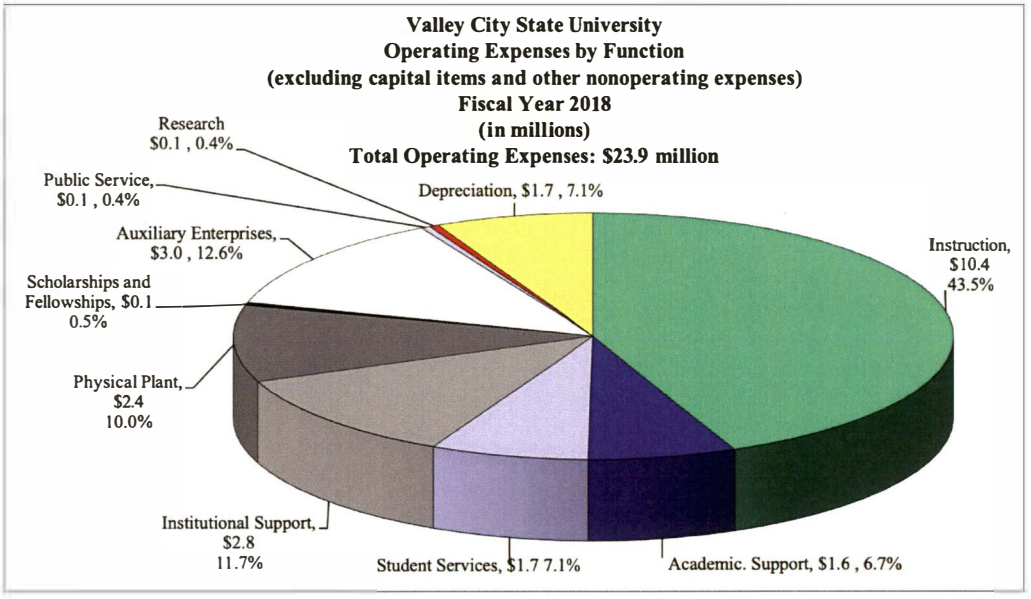
Financials

FY18 Total Operating Expenses



Source: Audited NDUS Financial Statements, June 30, 2018

VALLEY CITY STATE UNIVERSITY

Slide 26: FY18 Total Operating Expenses

Expenses: 50 percent goes directly to academic instruction, with 33 percent going to student services and support; 12 percent is reinvested in our physical plant and deferred maintenance, with depreciation expense at 8 percent.

EXPENSES	**FY 2017-18**	
Program	*Millions*	*% of Total*
Education and General		
Academic Instruction	$10.4	50.0%
Academic Support	1.6	7.7%
Student Services	1.7	8.2%
Institutional Support	2.8	13.5%
Physical Plant	2.4	11.5%
Public Service	0.1	0.5%
Institutional Research	0.1	0.5%
Depreciation	1.7	8.2%
TOTAL Education/General	*20.8*	
Other		
Auxiliary Services/Other	3.0	96.8%
Scholarships/Fellowships	0.1	3.2%
TOTAL Other	*3.1*	
Grand Total	**$23.9 million**	

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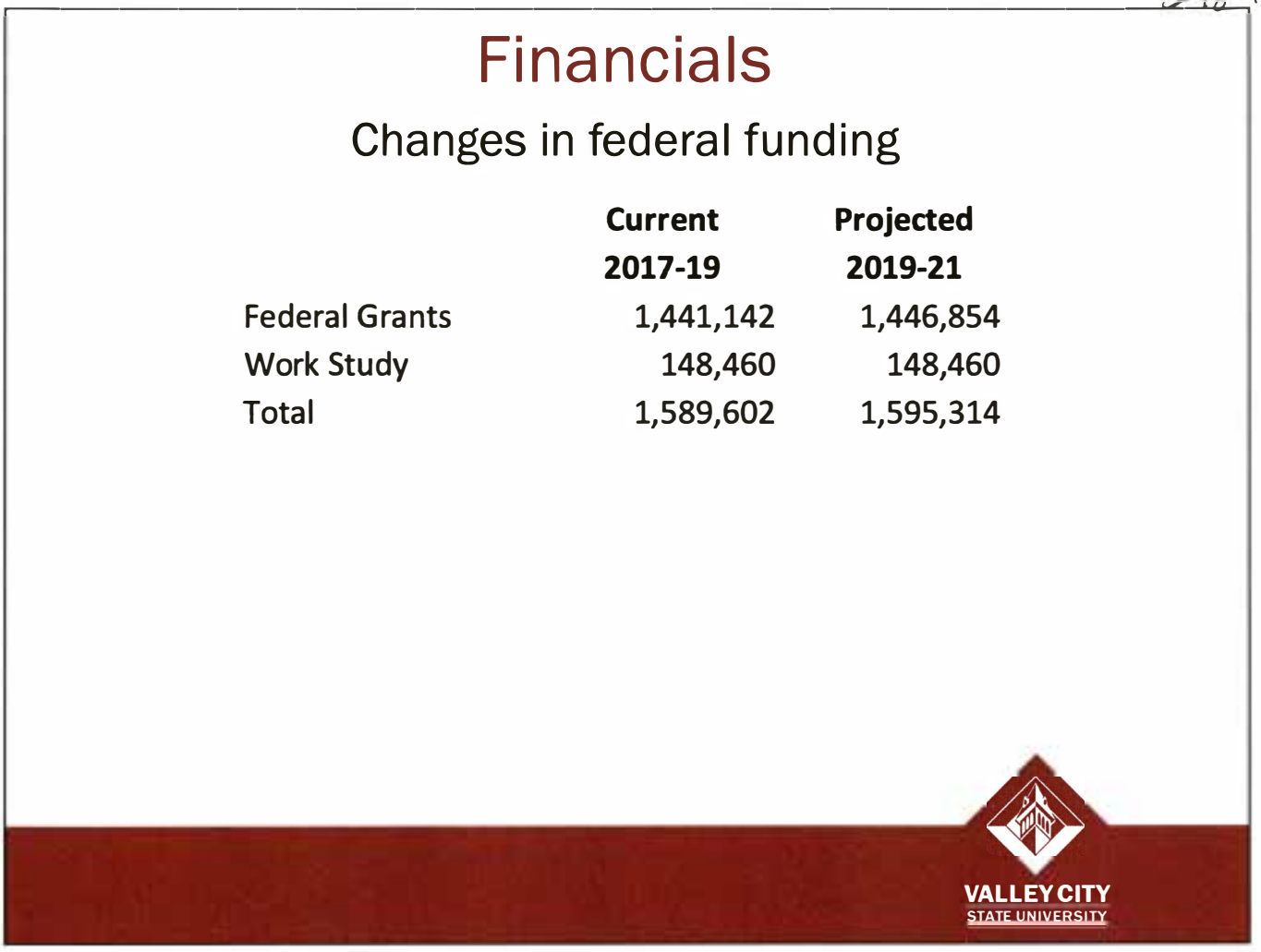

Slide 27: Changes in Federal Funding

The federal funds we receive come through grants and work study. These look to remain flat for the upcoming biennium.

Federal Grants

	2017-19	*2019-21*
Pell	1,315,863	1,359,326
Supplemental	119,693	81,900
TEACH	5,586	5,628
Total	$1,441,142	$1,446,854

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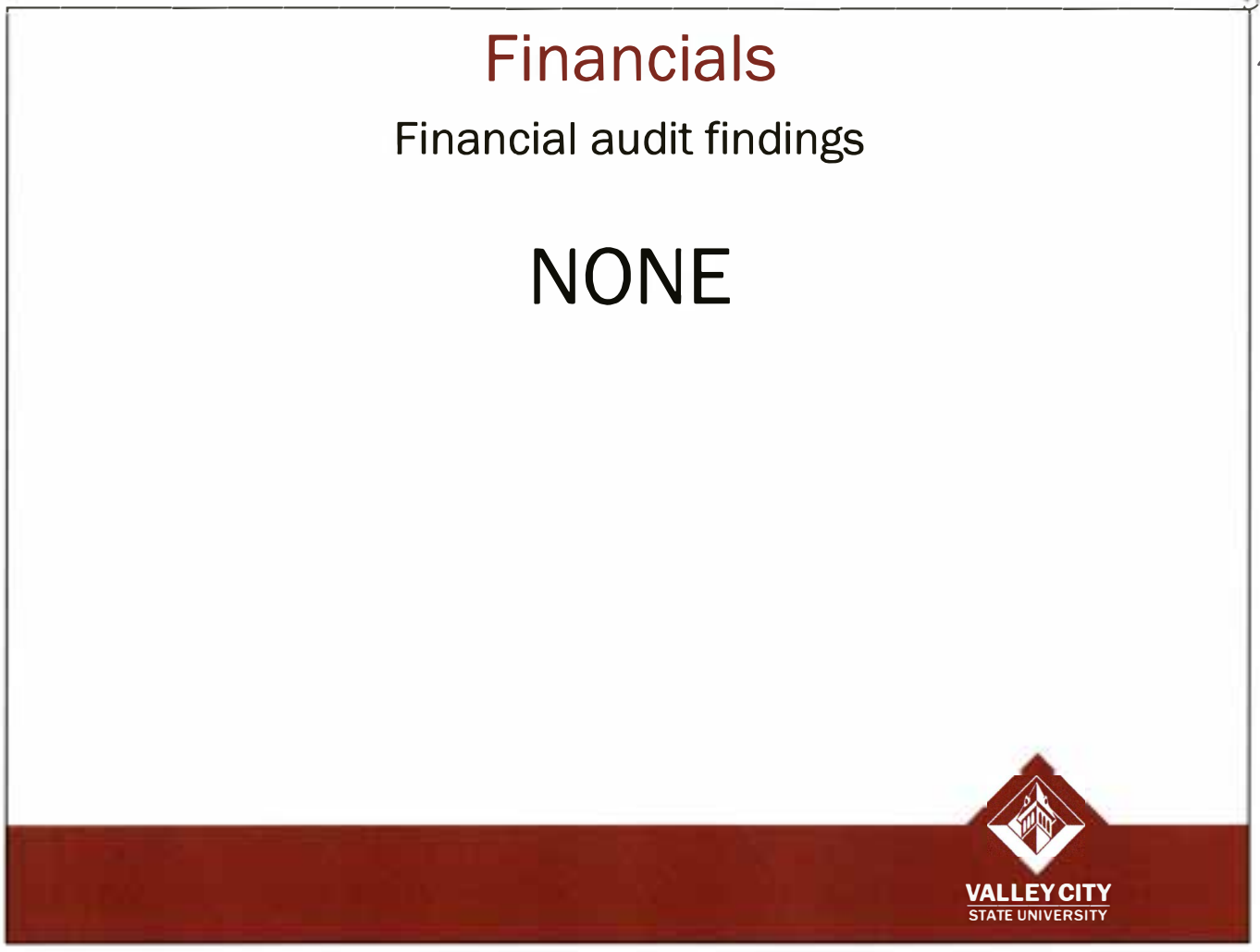

Slide 28: Audit Finding

VCSU has no financial audit findings in the last biennium.

We had one operational finding related to finalizing the lease agreement between VCSU and the Valley City Parks and Recreation Department for the Gaukler Family Health, Physical Education and Wellness Center.

That agreement has been completed, and the audit finding corrected.

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Investment in Infrastructure

Thanks for Heat Plant





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Slide 29: Thanks for Heat Plant

The new VCSU heat plant east of Rhoades Science Center was funded by an appropriation received from the North Dakota Legislature in its 2015 session. The new plant replaced an outdated facility constructed in 1910.

The legislature recognized that the old power plant threatened VCSU campus safety and security, and the proposal received the requested $14.3 million in funding. After reductions from the budget allotments, a new $13.9 million heat plant was constructed.

The VCSU heat plant was designed by JLG Architects, with Obermiller Nelson Engineering serving as the engineering firm and McGough Construction serving as construction manager. The old power plant was demolished in June 2017, and the new heat plant came on line for the 2017–18 heating season. The new plant was celebrated with a ribbon-cutting ceremony on April 3, 2018.

The heat plant features three energy-efficient boilers with combined capability of utilizing natural gas, coal, and fuel oil. With expanded capacity to accommodate future campus growth, the new plant requires less maintenance and labor, and operates significantly more efficiently than its predecessor.

The heat plant was also designed with the potential for an exciting addition—an environmentally friendly activated carbon plant. The innovative carbon plant would generate revenue and also provide for student/faculty research opportunities.

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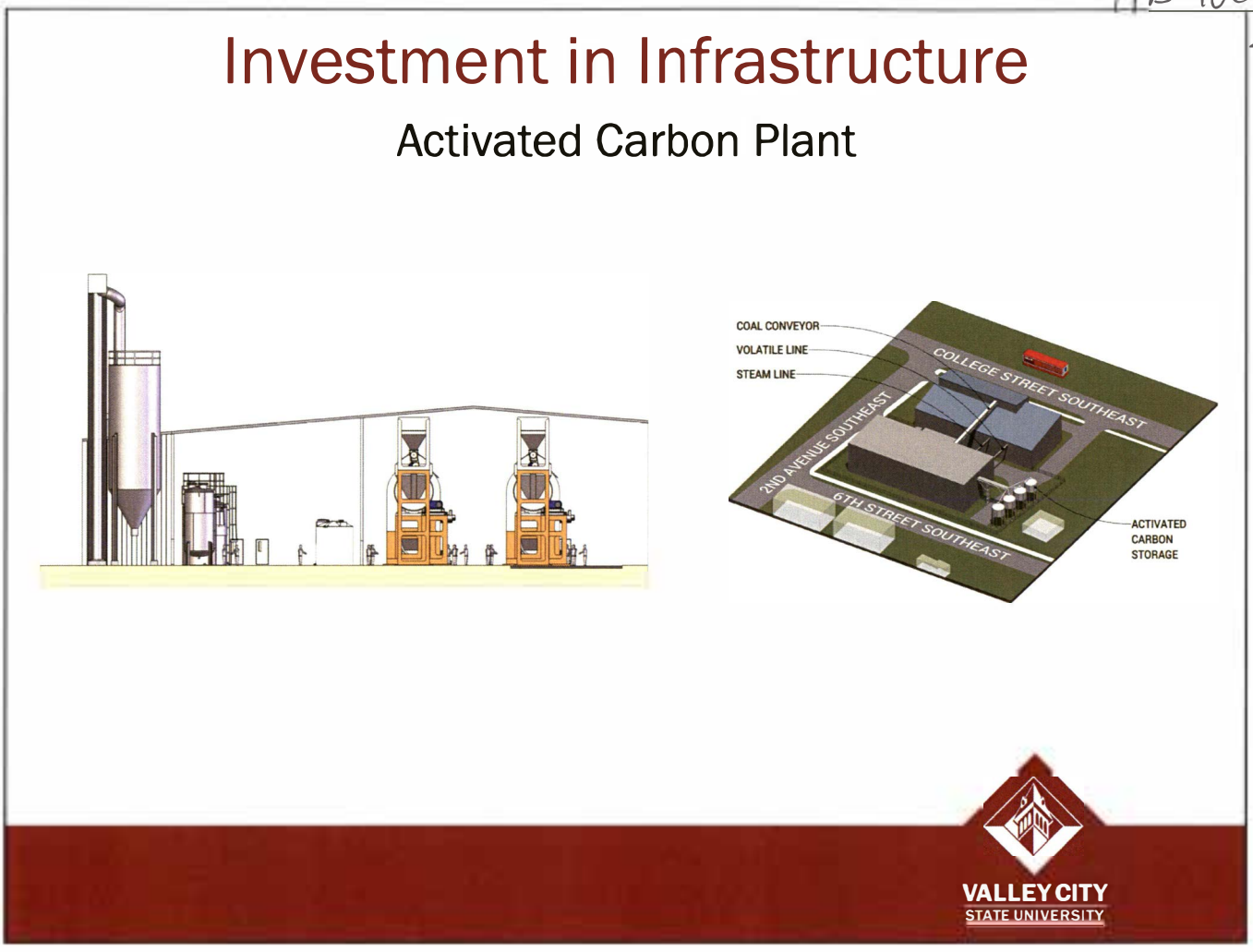

Slide 30: Activated Carbon Plant

Progress on the activated carbon plant addition to the VCSU heat plant continues.

The selection of the team has been completed as follows:

- architect: JLG
- engineer: Obermiller Nelson Engineering
- construction manager at risk (CMAR): Construction Engineers
- sales and distribution: Thatcher Chemicals
- third-party feasibility study: Barr Engineering

The feasibility study is in process, with expected completion in early spring 2019.

Bond sales will follow the successful feasibility study.

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Slide 31: Need for Communication and Fine Arts Building

Foss Hall (built in 1963), VCSU's music building, sits directly on the banks of the Sheyenne River. As the City of Valley City has installed permanent flood protection—protecting the city and the VCSU campus—Foss Hall is located on the wrong side of the floodwall.

To protect students and state assets, Foss Hall must be razed and its functions replaced elsewhere on campus.

The proposed Communication and Fine Arts Building will replace Foss Hall and consolidate the Art and Music programs in one facility, which will also include the Communication Arts Department.

Every student completing the general education program at VCSU will take at least 2 courses (6 credits) in this building.

Estimated at slightly less than $32.3 million, the project will eliminate $2.5 million in deferred maintenance with the razing of Foss Hall.

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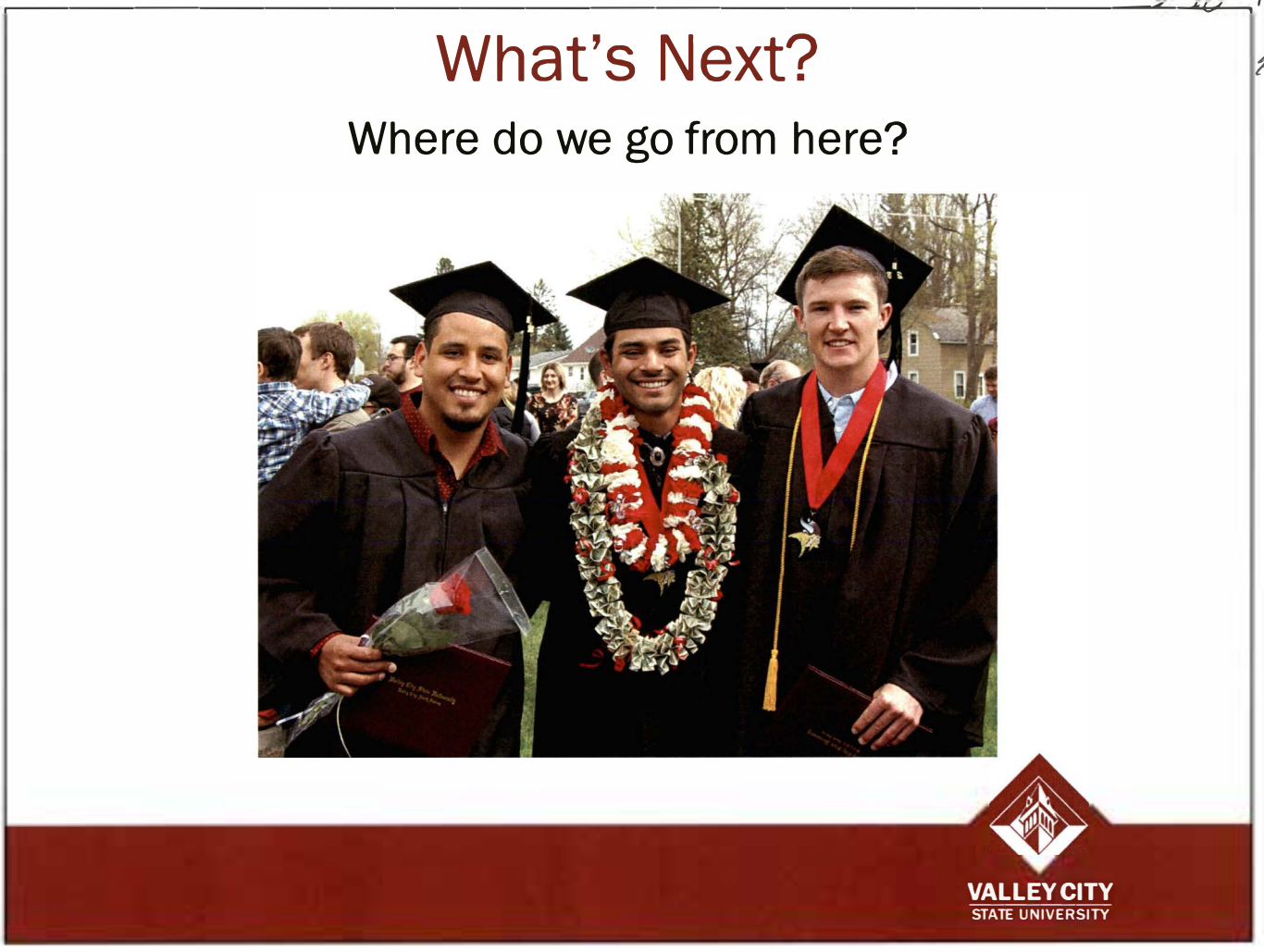

Slide 32: What's Next?

As an innovative university, we deliver distinctive, learner-centered experiences.

Moving forward, we must think strategically about how best to keep our campus thriving, serving the needs of our students and state.

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Thank You

Questions?



VALLEY CITY
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Slide 33: Thank You

We appreciate your input, support and collaboration as we seek to fulfill our mission:

Valley City State University is a public, regional university offering exceptional programs in an active, learner-centered community that promotes meaningful scholarship, ethical service, and the skilled use of technology. As an important knowledge resource, the university offers programs and outreach that enrich the quality of life in North Dakota and beyond. Through flexible, accessible, and innovative baccalaureate and master's programs, VCSU prepares students to succeed as educators, leaders, and engaged citizens in an increasingly complex and diverse society.

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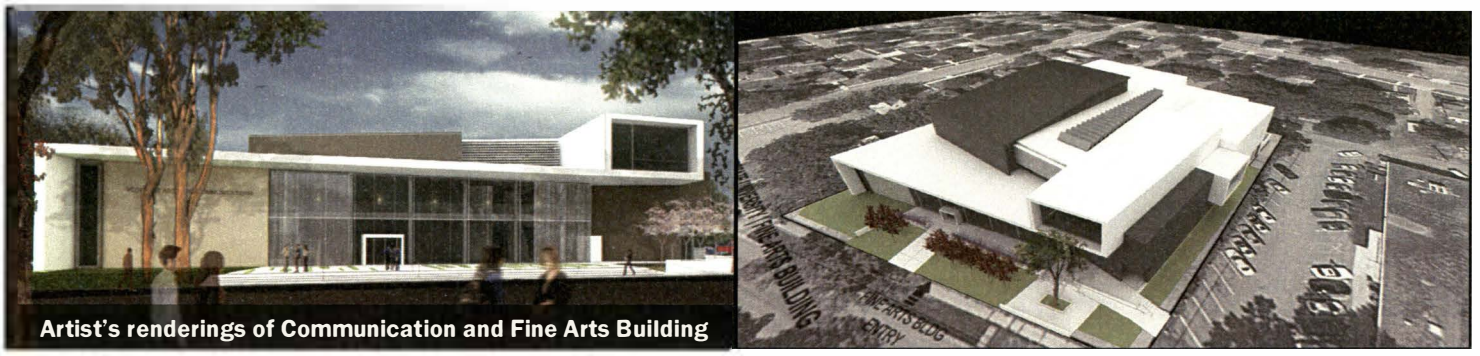


Artist's renderings of Communication and Fine Arts Building

PROPOSED VCSU CAPITAL PROJECT

Construction of Communication and Fine Arts Building

Valley City State University has an urgent need to construct a new Communication and Fine Arts Building. Permanent flood protection for the VCSU campus has put Foss Hall on the wrong side of the floodwall.

Estimated Cost: $32,275,887 (project will eliminate $2,579,413 in deferred maintenance)

The Proposal

The proposed Communication and Fine Arts Building will replace Foss Hall and consolidate the Art and Music programs in one facility, which will also include the Communication Arts Department.

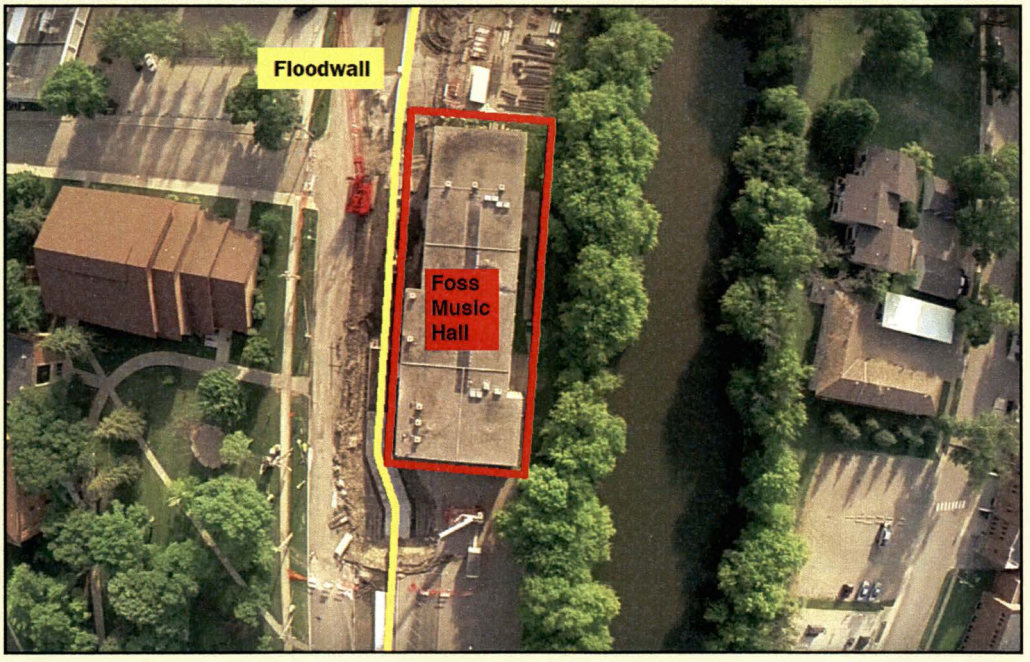
Every student completing the general education program at VCSU will take at least 2 courses (6 credits) in this building.

Estimated at slightly less than $32.3 million, the project is needed because the installation of permanent flood protection along the river has put Foss Hall on the wrong side of the floodwall. It will also allow VCSU to retire more than $2.5 million in deferred maintenance by razing Foss Hall.

The Need

Foss Hall (built in 1963), VCSU's music building, sits directly on the banks of the Sheyenne River. As the City of Valley City has installed permanent flood protection—protecting the city and the VCSU campus—Foss Hall is located on the wrong side of the floodwall.

To protect students and state assets, Foss Hall must be razed and its functions replaced elsewhere on campus.



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The Benefits


Foss Hall (behind flood wall)

- Gather communication and fine arts programs— 5 majors, 5 minors and 4 certificate programs—under one roof, providing students with consolidated, updated facilities.
- Raze Foss Hall, providing a deferred maintenance savings of $2.5 million.
- Achieve organizational efficiency through common box office and shared administrative support, and achieve space efficiency through multi-use workrooms and performance areas.
- House at least 2 of VCSU's required general education courses, giving all freshmen on campus access to modern classroom facilities and increased exposure to the arts.
- Provide ADA accessibility (currently lacking in Foss Hall) in the new building with an elevator.
- Create appropriate acoustics in performance and practice space, along with proper climate control to preserve expensive instruments.
- Foster an atmosphere of collaboration and inspiration, an interdisciplinary approach to creative problem-solving and innovation, and a synergy embodying the VCSU core values of innovation and community, by combining the fine arts with the communication arts programs in one building.

Renovation of McCarthy unworkable for music building


McCarthy Hall

The Executive Budget explores a renovation of McCarthy Hall to meet Valley City State University's need to replace Foss Hall. Unfortunately, that possibility is unfeasible.

Built in 1930, McCarthy has remained largely untouched over time, and its deferred maintenance alone far exceeds the Executive Budget figure.

The McCarthy Hall infrastructure and design are from another era. Although extensive renovation might allow it to function as a traditional classroom building, converting it to a modern, functional music building with first-rate space for classes, studios, ensemble rehearsal space and a recital hall is unworkable given its structural limitations and infrastructure deficiencies.

We must always ask ourselves what is best for our students and our university. The outstanding student musicians and future music educators at Valley City State University need a first-rate facility to enhance their educational experience, and the teaching of talented and dedicated faculty members will be greatly enhanced by a new building, as will the recruiting of new students. The future of music at VCSU depends on looking forward, not just making do.

McCarthy Hall Renovation Needs

McCarthy Hall would need the following major improvements:

- Asbestos abatement/removal
- Air handling system with duct work
- Piping throughout the building: water lines, sanitary sewer lines, removal of existing steam lines, and installation of water loop and steam converter system
- Penthouse for mechanical systems
- Roofing with insulation, EPDM rubber roofing membrane, and flashing
- Insulation for exterior walls
- Energy-efficient windows
- New electrical wiring and conduit
- Tuckpointing of brickwork
- Elevator to accommodate large instruments such as grand pianos
- Fire-prevention sprinkler system

Limitations for Special Spaces

The structural design of the building and its footprint cannot accommodate the large open spaces needed for choir and band rehearsal rooms, which require sunken and elevated terraced rooms respectively, along with acoustic features and treatments that both reproduce sound accurately and protect musicians' hearing.

Conclusion

It doesn't make financial sense to renovate McCarthy Hall for a music building.

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2019 Campus Snapshot | Valley City State University

MISSION

Valley City State University is a public, regional university offering exceptional programs in an active, learner-centered community that promotes meaningful scholarship, ethical service, and the skilled use of technology. As an important knowledge resource, the University offers programs and outreach that enrich the quality of life in North Dakota and beyond. Through flexible, accessible, and innovative baccalaureate and master's programs, VCSU prepares students to succeed as educators, leaders, and engaged citizens in an increasingly complex and diverse society.

SIGNATURE PROGRAMS

Teacher Preparation

- 347 students enrolled in elementary education and 253 students enrolled in secondary education majors (Fall 2018)
- 143 students enrolled in online Master of Education (M.Ed.) and Master of Arts in Teaching (M.A.T.) degrees (Fall 2018)
- Offer the only online elementary education degree program in North Dakota to increase access for teacher preparation
- Unique program in which junior/senior elementary education students serve as substitute teachers in Valley City, Fargo. and West Fargo schools
- More than 1,400 VCSU alumni serve as teachers and school administrators in 333 schools/education units in 157 North Dakota communities

Integration of Open Educational Resources (OER)

- Faculty encouraged to replace expensive textbooks with accessible OER in curricula
- In six semesters (Spring 2016 through Fall 2018), OER have saved VCSU students more than $1 million in textbook costs
- State audit showed VCSU as a leader in OER use

Three-Year Programs

- 21 students who completed graduation requirements in less than 4 years were recognized at the Spring 2018 commencement ceremony; 15 more were recognized at Winter 2018 commencement

Academic Specialties

- Elementary and Secondary Education
- Fisheries and Wildlife Science
- Athletic Training
- Health Science
- Software Engineering

Academic Centers

- Don Mugan Career and Technical Education Leadership Center
- Great Plains STEM Education Center
- Prairie Waters Education and Research Center

COLLABORATIVE PROGRAMS

Articulation Agreements with Community Colleges

- More than 75 articulation agreements with two-year schools for baccalaureate completion in face-to-face and online programs

VCSU and North Dakota State University

- Collaborate on human development and family science/elementary education program
- VCSU faculty teach elementary education coursework on NDSU campus
- Students who complete program earn degrees from both institutions

VCSU and Dakota College at Bottineau

- DCB students reside on VCSU campus and participate in DCB two-year degree and certificate programs
- Popular DCB nursing program hosted in Rhoades Science Center on VCSU campus
- DCB delivers developmental courses needed by some VCSU students

NExT (Network for Excellence in Teaching)

- Valley Partnership of VCSU, NDSU, and Minnesota State University Moorhead participates with 11 other colleges and universities in Minnesota and South Dakota
- Funded by Bush Foundation grant to prepare more effective teachers; provides continuing support for new teachers in classroom

COMPETITIVE POSITION (REGIONAL/NATIONAL)

- Ranked No. 3 among Top Public Regional Colleges in Midwest by U.S. News and World Report in 2019
- Ranked among Top 3 Public Regional Colleges in Midwest continuously since 2010
- A U.S. News "Best College" for 21 consecutive years

STRENGTHS, CHALLENGES, NEEDS AND PRIORITIES

Strengths

- Close-knit, personal campus: students and faculty/staff know each other, work closely together
- 20-plus years of leadership in integration of technology in learning, accentuated by laptop campus (second college in nation to issue laptops to all full-time students, began Fall 1996)
- Innovative and responsive program offerings
- Strong town-gown relationship
- Highly active, supportive university foundation
- Long-term history of fiscal responsibility and unqualified audits
- Renowned teacher-preparation programs
- Successful athletic program with true scholar-athletes
- Attractive campus in picturesque community

Challenges

- Oldest average-aged buildings of NDUS campuses carry significant deferred maintenance
- Extending prospective student market beyond traditional recruiting region
- Recruitment and retention of faculty and staff
- Adjustment and adaptation to declining state appropriations

Needs

- New Communication and Fine Arts Building to replace Foss Hall (on wrong side of floodwall)
- Life safety improvements: fire alarm system upgrades, emergency egress and ADA accessibility improvements, emergency power enhancements, card access for academic buildings, upgrades to surveillance system
- McFarland Hall (main building) deferred maintenance: roof, tuck-pointing, and air-handling systems
- Student Center renovation/repurposing

Priorities

- Student recruitment, retention and persistence
- Activated carbon plant addition to heat plant
- Physical plant improvement

ORGANIZATION AND GOVERNANCE STRUCTURE

President: Alan LaFave

Leadership Team

- Margaret Dahlberg, VP for Academic Affairs
- Wesley Wintch, VP for Business Affairs
- Pete Smithhisler, VP for Student Affairs
- Larry Robinson, Executive Director of University Advancement
- Joseph Tykwinski, Chief Information Officer
- Jill DeVries, Athletic Director
- Greg Vanney, Director for Marketing and Communications

FACULTY STATISTICS

- FTE of benefited faculty: 67
- Headcount of benefited faculty: 69
- Percentage of headcount tenured: 52%
- Percentage of faculty with terminal degrees: 59%

STUDENT DEMOGRAPHICS

Total Undergraduate Students (Fall 2018): 1,404

- Full-time undergraduates: 862
- Part-time undergraduates: 542

Total Graduate Students (Fall 2018): 143

- Full-fime graduate students: 10
- Part-time graduate students: 133

Total Enrollment (Fall 2018): 1,547

Online Only (Fall 2018): 25%

Degrees Conferred in 2017–18

- Certificates: 18
  - Undergraduate certificates: 1
  - Graduate certificates: 17
- Undergraduate degrees: 262
- Master's degrees: 33

Student Achievement Measures (SAM) Completion Rates at 6 Years (Fall 2012–Spring 2018): 37% first-time, full-time (49% transfer cohort)

FINANCIALS

VCSU Operating Budget (2018–19): $25,260,762

NDUS General Fund Revenues in VCSU Operating Budget (2018–19): $10,053,740

Special Budget Considerations

- $32.3 million Communications and Fine Arts Building (to replace Foss Hall)
- $22.5 million activated carbon plant
- $408,000 two-for-one deferred maintenance match

2015–17 Completed Student Credit Hours: 62,245

2018–19 Cost to Attend (Tuition and Fees)

- In-state: $7,626
- Out-of-state: $17,166

NORTH DAKOTA UNIVERSITY SYSTEM
ACCESS. INNOVATION. EXCELLENCE.

VALLEY CITY STATE UNIVERSITY

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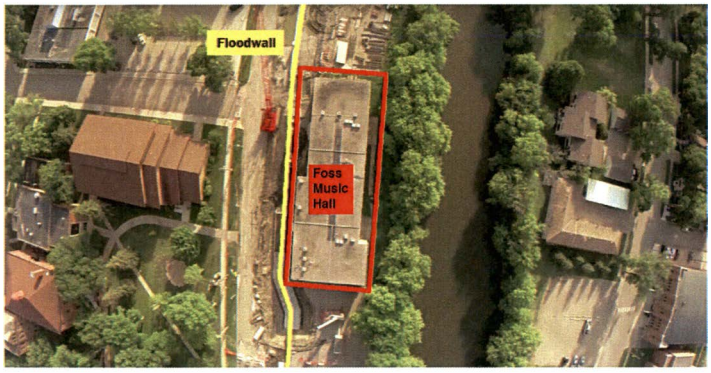
VALLEY CITY STATE UNIVERSITY

Valley City State University students, faculty and staff work together to create an oustanding teaching and learning environment. The university shows strong enrollment, retention and foundation support. The campus, with the exception of Foss Hall, is now protected by permanent flood protection. A new heating plant has been constructed, and the university is pursuing integration of an innovative activated carbon plant with the heat plant. The Gaukler Family Wellness Center provides an outstanding venue for student and community fitness and wellness activities, and the home for VCSU's Kinesiology and Human Performance Department. Deferred maintenance presents a continuing challenge.



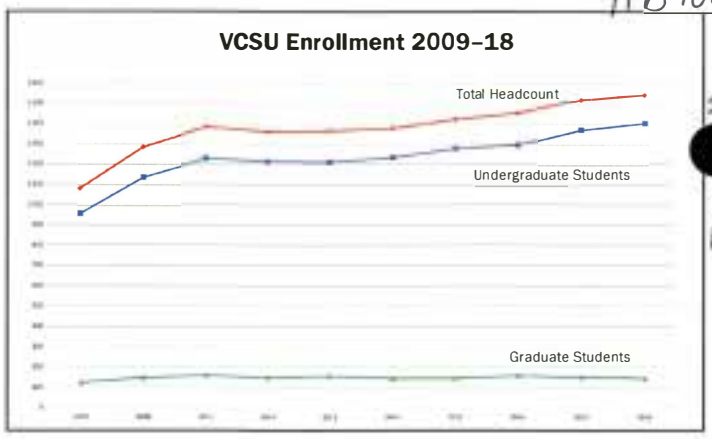
Foss Hall, the VCSU music building, Foss Hall, sits on the wrong side of Valley City's floodwall; its replacement is a top university and system priority.



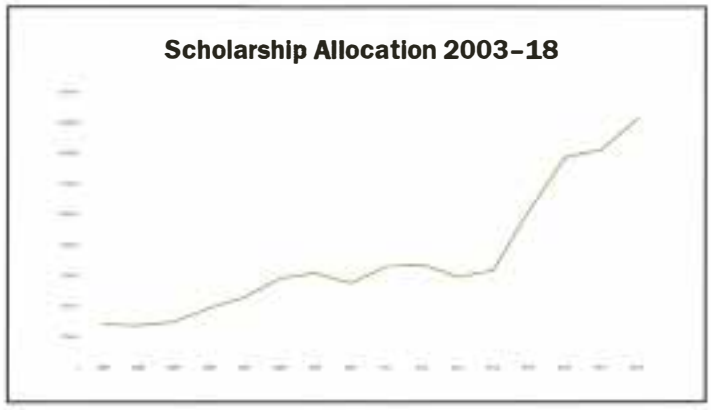
Artist's rendering of new Communication and Fine Arts Building, which would replace Foss Hall.



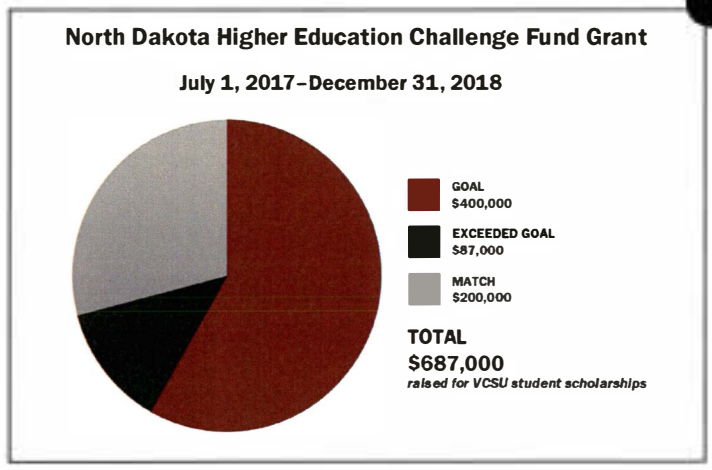
Integrating an activated carbon plant with VCSU's new heat plant will provide a new revenue stream and research opportunities for students and faculty alike.



Enrollment continues to trend upward.



The VCSU Foundation has allocated a record $1.623 million in scholarship support to VCSU students in 2018–19.



Thanks to the generous support of alumni and friends, the VCSU Foundation met and exceeded the Challenge Fund goal in April 2018.



Much has been invested in McFarland Hall over time, but significant deferred maintenance remains.

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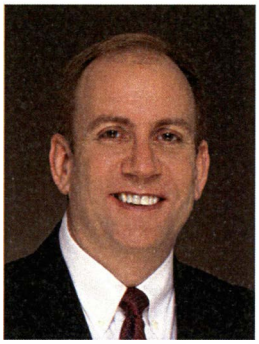
VALLEY CITY STATE UNIVERSITY



Campus Update ◆ 2018 Highlights

2018: A GOOD YEAR AT VALLEY CITY STATE UNIVERSITY

Alan LaFave, D.M.A.



President Alan LaFave

I officially began my work on campus December 17, and I'm thankful for the opportunity to serve this outstanding institution. When the State Board of Higher Education selected me as VCSU's 14th president on September 27, I couldn't have been more excited, and the excitement has continued to build since then.

Prior to my visits to campus this September as part of the interview process, I did my homework and knew of several of the accomplishments listed here. Now that I've come to know the people of VCSU and Valley City a little better, I understand how all of this has happened: I see the pride, I see the effort, I see the commitment.

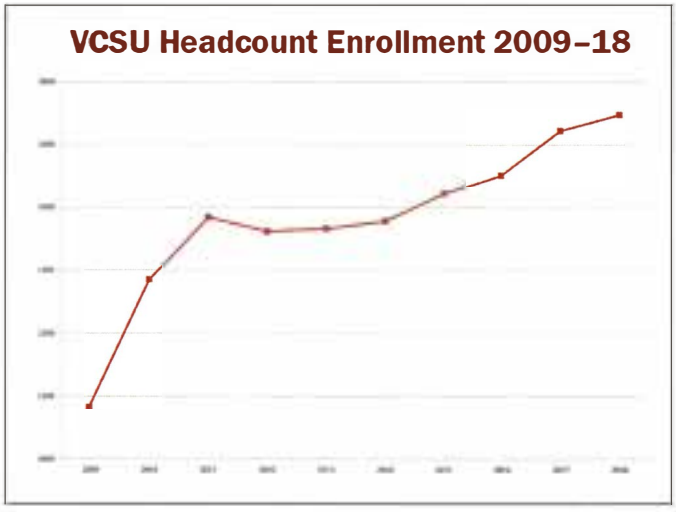
Thank you for the trust you have placed in me—let us work together to build upon the rich VCSU legacy in the years to come.

Going forward, I'll tell you more about what I'm doing here as the new president of Valley City State University, but for now I'd like to recognize some of the successes the university enjoyed in 2018 under the leadership of Interim President Margaret Dahlberg.

It's been a good year at VCSU; here are some of the highlights.

NATIONAL RECOGNITION

The university continues to receive national recognition. Early January 2018 brought the news that VCSU's online programs were nationally ranked in U.S. News and World Report's "2018 Best Online Programs." We're proud of our people and our programs, and thankful for the opportunity to make a VCSU education available to those at a distance who need the flexibility that online programs offer. And in September, we learned that VCSU once again was named a U.S. News "Best College" for 2019, the 21st consecutive year for that recognition. U.S. News ranked the university third among Midwest public regional colleges in their "Best Colleges 2019" guidebook; VCSU has now been ranked among the top three Midwest public regional colleges each year since 2010!



ENROLLMENT RECORDS

A VCSU education continues to be a great choice for students and their families. In the first week of February 2018, the university took pride in announcing record spring enrollment with a headcount of 1,500 and an FTE (full-time equivalent) figure of 1,044. The final fall enrollment numbers were announced on September 18, and you guessed it, another record for VCSU! Fall semester brought a record-setting headcount of 1,547 students, with 1,404 undergraduates. Let me repeat Interim President Dahlberg's words: "Strategic growth doesn't happen by accident—it takes dedication and commitment—and I applaud the community for these achievements that come from working together."

ATHLETIC SUCCESSES

The Viking athletic program enjoyed many successes in calendar year 2018. Women's basketball won the conference tournament championship in February and advanced to the NAIA national tournament in March. The softball squad was ranked in the national

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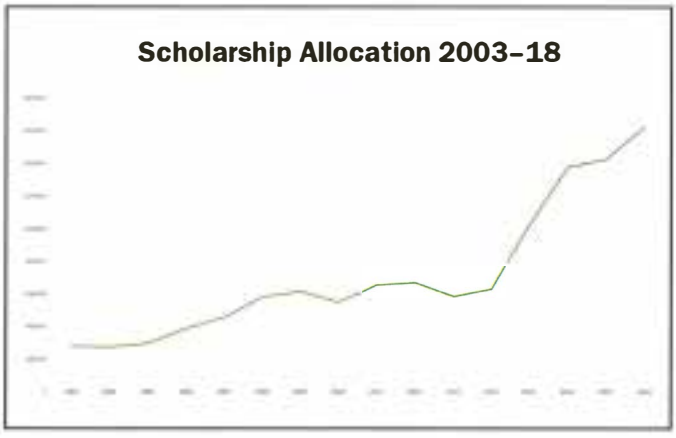
Top 25 poll for the first time in program history last spring. Track and field's Megan Johnson (triple jump) and Kyle Odegard (javelin) earned All-American honors at the NAIA national meet in Gulf Shores, Ala., in May. In the fall came notice that the Viking athletic program had earned NAIA Champions of Character recognition for the 16th consecutive year and silver-level recognition for the second straight year. And in November, three cross country student-athletes—Grace Miller, Allyssa Weitkum and Riley Roy-Lagasse—ran at nationals in Cedar Rapids, Iowa.



The VCSU Foundation allocated a record $1.623 million in scholarship support to VCSU students in 2018–19.

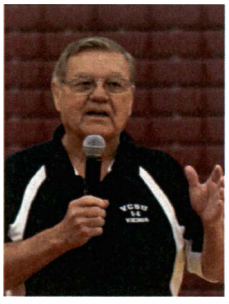
RECORD SCHOLARSHIP ALLOCATION, TRACK FUNDRAISING HIGHLIGHT FOUNDATION EFFORTS

The VCSU Foundation allocated a record $1.623 million for student scholarships in 2018-19. That tremendous amount of support makes a real difference for our students and their families as we strive to keep a VCSU education affordable.

In support of Viking athletics, the VCSU Foundation kicked off fundraising efforts for the track and field facilities at Lokken Stadium. Announced in June 2018, the project—which exceeded $1 million—enjoyed a fast start thanks to the generosity of John Hill, one of our stalwart supporters from Valley City who contributed much of the needed funding. Most of the work was completed before winter; next spring the final surface will be applied to finish this upgrade to our athletic facilities.

The foundation also recognized Kevin "Sparky" Kamphuis of Valley City in August with its "Difference Maker Award" for his steadfast volunteer efforts in support of Viking athletics over the years.

ALUMNI ACHIEVEMENTS



Gary Tharaldson '67

Our graduates figure prominently in the VCSU story. One of our most distinguished alumni, Gary Tharaldson, class of '67, came to campus on May 8 for a presentation and book-signing of his biography, "Open Secrets of Success: The Gary Tharaldson Story," in the W.E. Osmon Fieldhouse. The entrepreneur and hotel magnate shared stories and answered questions; by all accounts, it was a great day to be a Viking!

Two more alumni received national honors in November 2018. Deep in the heart of Texas, VCSU alumni Peder Gjovik '77 and Katie Hatt M.Ed. '16 won national awards November 28 at the Association for Career and Technical Education (ACTE) national conference in San Antonio. Gjovik, associate professor and chair of the VCSU Department of Technology, was named ACTE 2019 Teacher Educator of the Year, while Hatt, health careers instructor in the Grand Forks Public Schools and the Grand Forks Area Career and Technology Center, was named ACTE 2019 New Teacher of the Year.



Katie Hatt and Peder Gjovik

Recognition for alumna and staff member Stephanie Roelfsema '07, M.Ed. '14, director for residence life, came in the December 2018 issue of Prairie Business magazine. Because of her active involvement in the VCSU and Valley City communities, Stephanie was named to the magazine's 2018 "40 Under 40" list, which recognizes 40 of the top business professionals under the age of 40 in the Northern Plains.



Stephanie Roelfsema



VISIT FROM GOVERNOR AND LT. GOVERNOR

The campus drew distinguished guests in October 2018, when North Dakota Governor Doug Burgum and Lieutenant Governor Brent Sanford came to visit on the 9th. They toured campus, saw the Valley City floodwall protection, met with students and faculty in the education and fisheries and wildlife science programs, held an open forum with faculty and staff, and met with the VCSU administrative leadership team. We're thankful that our students were able to share their experiences and that faculty and staff had the opportunity to share their concerns as well.

THANKS TO MARGARET DAHLBERG



Margaret Dahlberg

On November 29, 2018, the community formally recognized Margaret Dahlberg for her service as interim president with a reception on campus and the presentation of a portrait to be hung in the Student Center President's Room along with the portraits of all VCSU presidents. Margaret's two stints as interim president are much appreciated, and she'll continue to serve us very capably as vice president for academic affairs.

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PATHWAY TO PASSION FOR RURAL TEACHING

From staff reports

Megan Trautman prizes her "Class B" world. In that world, the "Class B" label – the athletics classification for small high schools in North Dakota – is about more than small enrollments. For Trautman, her Enderlin family, and farm and rural families across North Dakota, "Class B" is a way of living, working and aspiring together.



Educating future teachers is a central focus at Valley City State University. These VCSU elementary education students practice teaching to peers in the model classroom on campus.

When Trautman completed her bachelor's degree in art education and psychology from Valley City State University (VCSU) in 2017 and searched for her first teaching job, Class B rural North Dakota called. She found what she was looking for in Carrington. In 2017-18, Trautman completed her first year of teaching, handling art classes in the Carrington School District.

"I think I wanted to go back to that rural setting, because that's where I came from," Trautman says. "You are with good, hard-working people, and able to work with lots of different people in school, in a setting where I knew I could be successful."

"When I visualized and finally decided upon an education major, I just really wanted to go back to where I came from. I like the atmosphere of a Class B school," she says.

At VCSU, the teacher education path Trautman followed – from and back to rural North Dakota – is common, and highly valued. "Many of our students come to us from rural communities," says Dr. Sheri Okland, dean of the VCSU School of Education and Graduate Studies. From the faculty, to the continuing innovations in teacher education, to the teacher graduates the university produces, Okland says VCSU is dedicated to being a solution to a major challenge. "In North Dakota, there is definitely the need. Some rural areas struggle to get teachers," she says.

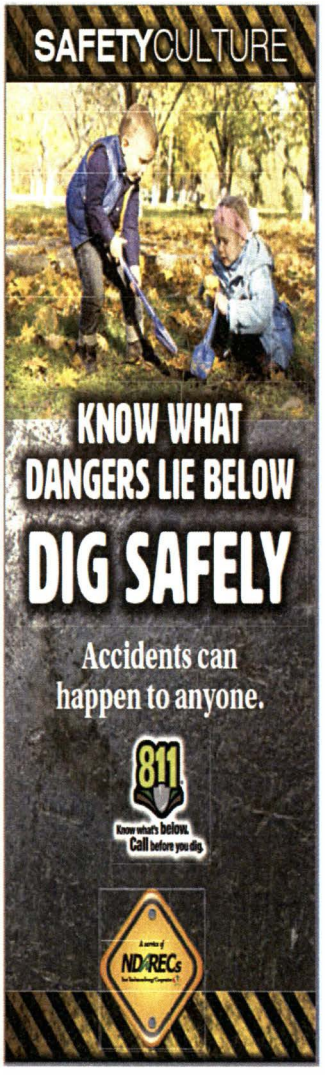
Okland also adds VCSU has a location that is central in a rural region, and draws rural students who want to stay near their home or prefer a smaller campus setting for higher education. Megan Trautman fits that bill.

"Valley City State is close to home, and that was important to me," the Enderlin High School graduate says. Undecided on a major during her start there, Trautman, who played basketball for VCSU, kept at general studies, when art got her attention. "I didn't really think I would be in the education field, and didn't see myself as an art teacher, but then I took my first art class, and I really enjoyed it," Trautman says.

Interest and achievement grew into a passion. "I started to get excited about everything I was learning, and then wanted to share that with others, not just keep it for myself," she adds.

Trautman eventually declared the double major of art education, and psychology – which was also an area of strong interest. "Now I'm using these every single day when I'm in the classroom," Trautman says.

She provides art instruction at all grade levels, and does some team coaching, as well. For all her art students, Trautman passes along the importance of art, along with the techniques for drawing, painting, sculpting and other art forms.



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"I also want to create a comfortable environment for all my students – comfortable for them to come in my classroom, and be themselves, experiment with different things, and create, and learn and grow," she says.

FROM VCSU TO SCIENCE CLASS

Zach Nelson, a Kindred High School graduate, another 2017 VCSU graduate, also just completed his first year of teaching, at Sargent Central High School. His university degree is in chemistry education, and he now teaches five different high school science classes. Nelson's path to chemistry education was a shift in gears from his start as a math education major. After his freshman year at VCSU, his favor turned to the sciences.

"After my freshman year, I transitioned over into the sciences. They've always been interesting to me, and I love doing and teaching science, so that's why I made the transition," Nelson says.

Nelson describes his first year at Sargent Central as challenging – and trying – but he would learn these are common experiences for the first-year teacher. He was able to establish a routine and a rapport which helped smooth the ride.

"It was just actually getting into that routine and becoming more comfortable with the students and then becoming more comfortable with myself that really helped out. And it was nice because the kids are always good," Nelson says.

Nelson says a key he found to relating science studies to high schoolers was applying science to their world. He did this by describing the biological fundamentals of hunting habitat, or the value of chemistry in agriculture. With the Bobcat manufacturing facility nearby, Nelson was able to discuss the basics of robotics, and the role it plays there.

"I would like my students to become more science literate," Nelson says. "Part of why I wanted to get into teaching science is that nowadays we have a lot of controversy surrounding scientific issues that are really hot-button issues. We have a lot of people who don't seem to understand what's going on and it's becoming not only a problem in our society but politically, and financially and elsewhere. I just want to show them that this is why we know what we know, and this is how we use this information," he says.

OKLAND: INNOVATION & POSSIBILITIES

Dr. Sheri Okland says VCSU works on several fronts to meet the challenge for placing teachers where they are sorely needed and excellent, modern teachers everywhere. Currently, Okland says innovation is a major point of emphasis in VCSU's curriculum development.

"Our basis for innovation and teaching our teachers is to look at the possibilities, and understand what's out there in the world, and how they can bring that back to problem solve with what is happening in rural North Dakota," Okland says.

"We emphasize differentiating and individualizing instruction so that all of their students can learn," Okland continues, "and I think we start with helping our preservice teachers understand how they learn. There's a definite need to understand our own personal learning in order to understand how children learn."

Rural educator perspectives

"I also want to create a comfortable environment for all my students – comfortable for them to come in my classroom, and be themselves, experiment with different things, and create, and learn and grow."

- Megan Trautman, art teacher, Carrington School District

"I would like my students to become more science literate. ... Part of why I wanted to get into teaching science is that nowadays we have a lot of controversy surrounding scientific issues that are really hot-button issues."

- Zach Nelson, science teacher, Sargent Central High School

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VCSU Substitute Teacher Program supports Valley City, West Fargo, Fargo public schools

Nov. 29, 2018

Joan Klein, VCSU assistant professor of education

The elementary education program at Valley City State University has brought its unique Substitute Teacher Program to the Valley City Public Schools this fall. Through the substitute program, VCSU junior and senior elementary education majors will spend eight Fridays each semester as substitute co-teachers at Washington and Jefferson schools.

Each Friday, 16 VCSU students, paired in groups of two, cover eight classrooms at the elementary schools, and the Valley City Public School teachers use the time away for professional development opportunities.

While the classroom teacher is out for the day, two university students lead the elementary students through their daily routines, educational activities and learning plans. Working as a pair, the VCSU preservice teachers are able to connect theory to practice, applying what they are learning in teacher education courses to the practical classroom. A VCSU education professor supervises the university students all day, providing support, answering questions and helping the student substitute teachers make connections. This real-world opportunity leads to rich discussions and teachable moments back on campus.

The Substitute Program provides a great opportunity for local schools in two different areas. Because substitute teachers can be difficult to find, the program develops a new pool of candidates



VCSU Substitute Teacher Program participants Laken Breuer (center) and Darika Lemna served as student performance strategists while subbing at Jefferson Elementary in Valley City this fall.

professionally trained to fulfill this high-need position. VCSU students are encouraged to apply for their substitute teaching licenses while gaining this valuable experience, and after effectively completing six Fridays, students are encouraged to substitute teach throughout North Dakota.

To encourage and facilitate substitute teaching, VCSU developed a new class schedule. Many seniors have three days free of classes each week, so they are available to substitute in area schools once they have completed the Substitute Teacher Program. These opportunities occur before their formal Student Teaching program and positively impact their readiness for that experience.

Another advantage of the Substitute Teacher Program is the professional development component. Because the college students are not paid — substitute teachers typically cost $120 a day — the public schools can afford to spend the day training a large group of their teachers without incurring additional expense. Grade-level teams can meet for a productive amount of time, meeting a variety of their needs. Teachers may receive technology support, develop new content, analyze their support programming, incorporate specialized training and collaborate with administration.

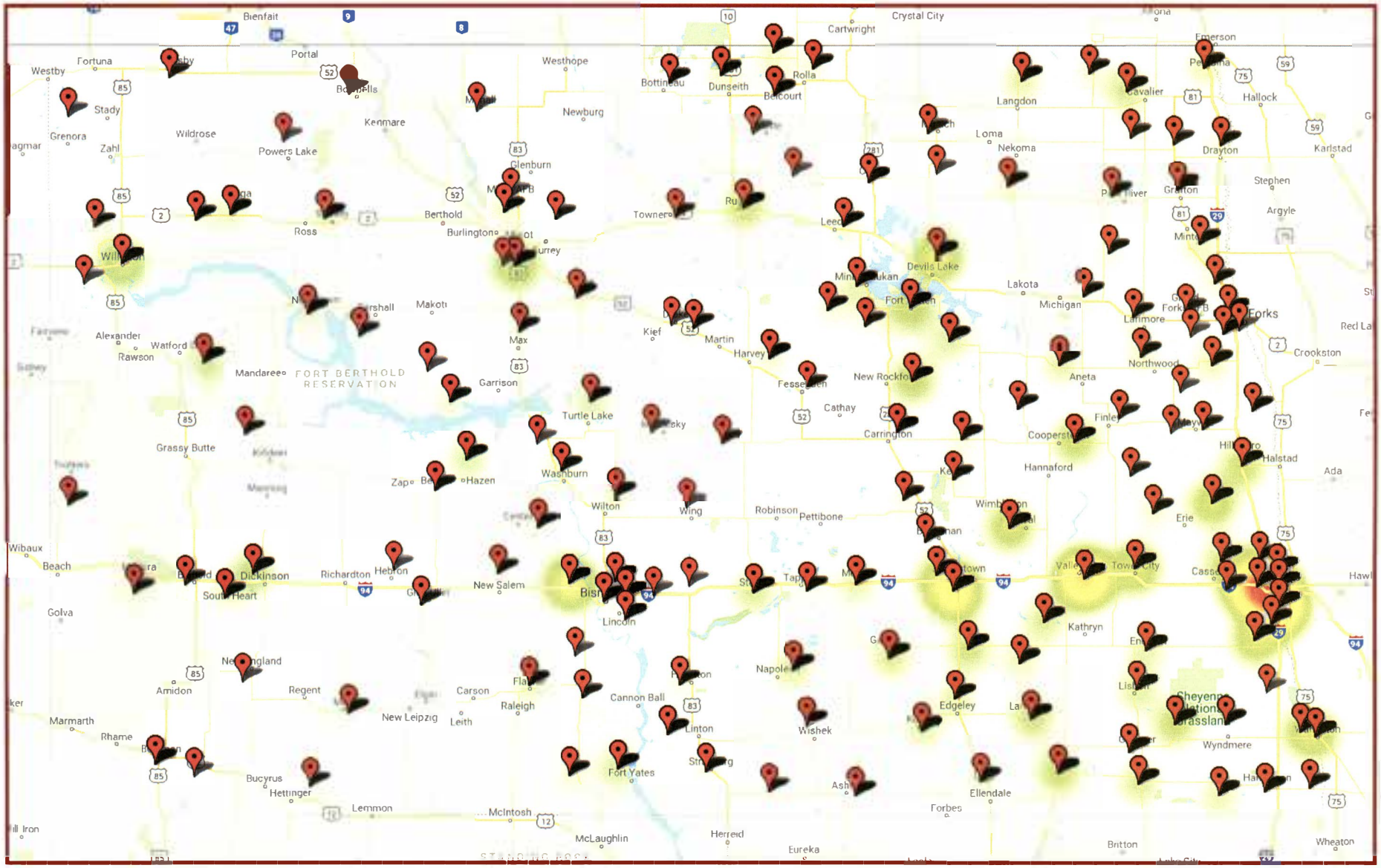
Although new to Valley City Public Schools, VCSU began the implementation of its Substitute Teacher Program in 2014 in the West Fargo Public Schools, under the direction of Sheri Okland, Ph.D., now associate professor and dean of the School of Education and Graduate Studies at VCSU.

Along with Valley City, the substitute program has also been brought to Fargo Public Schools this fall. Yvonne Cannon, VCSU instructor of education, directs the program in Fargo and West Fargo, and Joan Klein, assistant professor of education, leads the Valley City program.

VALLEY CITY
STATE UNIVERSITY

VCSU Alumni Teachers and School Administrators in North Dakota — Fall 2018

- 1,413 licensed teachers and administrators serving 157 communities in 333 educational units



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VCSU's Lauren Roscoe making a difference nationally with Students Against Destructive Decisions

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Feb. 27, 2019



A VCSU first-year student from New Rockford, N.D., Lauren Roscoe serves as the 2018-19 National Student of the Year for Students Against Destructive Decisions.

Lauren Roscoe is not your typical Valley City State University first-year student. Sure, she's an elementary education major, like many others at VCSU, but Lauren also serves as the 2018-19 National Student of the Year for SADD—Students Against Destructive Decisions—a national organization with 10,000 chapters across all 50 states (and several U.S. territories) headquartered in Washington, D.C.

SADD aims to help "young people make positive decisions that advance their health and safety" by empowering them "to successfully confront the risks and pressures that challenge them throughout their daily lives." SADD tackles this mission through peer-to-peer education on issues such as traffic safety, mental health, suicide, violence, and tobacco, alcohol and drug use.

As National Student of the Year, Lauren serves as president of SADD's National Student Leadership Council and as the organization's national spokesperson, carrying SADD's advocacy message across the country. She has traveled to Arizona, Georgia, Tennessee, Pennsylvania, New York and Washington, D.C., among others, and attended events such as the national conference of the Governors Highway Safety Organization held in Atlanta in August 2018. Lauren also serves on SADD's board of directors and attends that group's quarterly meetings.

All of that travel makes her a frequent flyer — usually once a month — out of Hector International Airport in Fargo, but otherwise Lauren claims she's "still a normal student" who enjoys "just hanging out with friends, sitting and talking, or watching movies."

The SADD staff helps her arrange the many travel logistics, and the organization pays her expenses, but Lauren volunteers her time to the organization she's served since joining in seventh grade at New Rockford-Sheyenne School in New Rockford, N.D. She did receive a $1,000 scholarship when chosen as National Student of the Year, but for Lauren, "the real benefit comes in knowing that the work I do is helping save lives," she says.

Lauren came to VCSU because of the strong reputation of its elementary education program; "I always wanted to be a teacher," she says. In addition to her coursework in that program, she's also running sprints and middle distance on the VCSU Viking track team.

Her work with SADD is certainly helping hone Lauren's leadership skills, including advocacy ("standing up for yourself" in her words), professionalism ("how to carry yourself in a specific setting") and time management ("how to balance everything"). She'll have an opportunity to put them to use this coming summer in an internship at the National Highway Traffic Safety Administration in Washington, D.C.

Until then, she'll have plenty to do in class and on the track at VCSU while simultaneously carrying out her SADD duties.

Lauren Roscoe is clearly making a difference in the world with her good work on behalf of SADD; we're proud to have difference makers like Lauren at VCSU.

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Music program serves community, region and state

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March 8, 2019

Alan D. LaFave, D.M.A., President

Greetings from Valley City State University!

A few weeks ago, I commented on the beauty of winter. As our students enjoy spring break this week, with many venturing to warmer climates for a few days, I must admit that spring fever is rampant, but its arrival here in Valley City seems to be in the far-distant future!

As we prepare to make our VCSU Senate Appropriations presentation on March 18, one of the topics that remains top of mind on campus is the continued work and effort to gain approval for the new Communication and Fine Arts Building. You may know that Senate Bill 2297, a bonding bill that passed the Senate unanimously a few weeks ago, includes $32.275 million of bonding authority for this project. We strongly support this effort, and I'd like to devote this column to detailing some of the outstanding success stories and community collaboration with music at VCSU.

The VCSU Department of Music has been an accredited institutional member of the National Association of Schools of Music (NASM) since 1997. This content-area accreditation affirms our quality and continued dedication to meeting a variety of standards including, but not limited to, the size and scope of the department, finances, governance and administration, faculty and staff, facilities, equipment, technology, library and learning resources, recruitment, admission, retention, published materials and community involvement.

In regard to community involvement, the music department hosts an impressive number of annual events that impact students and patrons from the community, state and region. In fact, more than 2,300 students from all corners of North Dakota will participate in music events on our campus this year! Those events, and corresponding participant numbers, include:



VCSU's annual Solo Song Symposium brings high school junior and seniors to campus for a day-long workshop, including an opportunity to perform in recital.

- James Ployhar Honor Band Festival – 100 students
- Solo Song Symposium Invitational – 12 students
- Barnes County Music Festival (band/choir) – 150 students
- North Dakota Federated Music Club Festival – 10 students
- NDHSAA Eastern Dakota Conference Instrumental Solo Contest – 400-plus students
- NDHSAA Region II Vocal Solo Contest – 200 students
- NDHSAA Region V Vocal/ Instrumental Solo Contest – 200 students
- NDHSAA Region II Instrumental Solo Contest – 150 students
- NDHSAA State Class A Vocal/ String Solo Contest – 1,100 students

Additionally, the VCSU Community School of the Arts serves as an outreach arm of the department, providing applied, private and group instruction to an average of 50 students annually. The breadth and depth of this program illustrates the very important and critical role VCSU plays in the advancement of music in our schools.

These examples demonstrate our continued efforts to positively impact music education in our local community, region and state. Our own students and those who visit our campus to participate in these outstanding events warrant a safe and modern space for our university music program, and I hope you will join me in affirming the importance of the new Communication and Fine Arts Building on the VCSU campus.

Go Vikings!

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Diane Burr

A veteran — and champion — of online teaching



Diane Burr never imagined her academic life at Valley City State University would evolve to the point where she would be teaching her course load online, but that's where she's at. This fall, Burr, professor and chair of the Department of Kinesiology and Human Performance, teaches four fully online courses and team teaches one hybrid course, where she does the online component and a department colleague, Sharon Bratrud, handles the face-to-face portions of the course.

After completing a master's degree in secondary education at Northern State University in Aberdeen, South Dakota, in 1981, Burr joined VCSU as a coach and faculty member in the physical education department. After more than two decades of coaching, which included volleyball, softball, women's tennis, and track and field along the way, she stepped down as head volleyball coach after the 2003 season.

It was somewhere in those early years of the 2000s that Burr began teaching online. She'd been hooked on technology for a while—"I remember calling my sister and sharing how excited I was to be logged in to a library in Cairo, Egypt, sitting at my computer in Graichen Gym; I was amazed!"—but it was necessity that really drove the process of putting HPE classes online.

"We only had three faculty members, and teaching a course that was part of the general education requirements for all students on campus was a huge undertaking," Burr says. "We didn't have the staff, the physical space, or the logistics with scheduling to make it work. We needed to commit to teaching this general education course online."

Burr and her faculty colleagues also aimed to serve the students better from a content standpoint. "We wanted to make sure our students in the department had the full complement of health classes to go with the physical education offerings," she says. "We made a conscious effort to put health classes online to provide better preparation for the students." She also notes that the flexibility of the online courses also aided the students, many of whom were athletes with practices, games and travel who benefited by being able to do the online work at their convenience. Offering online courses in the summer also added flexibility for students.

The notion of serving those general education requirements online persists today. Burr's HPER 100 course, Concepts of Fitness and Wellness, serves VCSU's geographically diverse student body, as distance education students in the university's online music, technology education, and Wyoming elementary education programs all find themselves in the course, along with members of VCSU's resident student population.

Blackboard, the learning management system used at VCSU, provides the software platform for Burr's online teaching, but she augments that by putting a variety of other software to work, including Microsoft Sway for video recordings—she uses 10 to 15 minute lectures—and VoiceThread so students can ask questions and/or share comments with classmates in their own voice.

"I'm a firm believer in having students hear the voice of the instructor," says Burr, but she shies away from being a "talking

Online education at VCSU

VCSU's rich heritage in educational technology supported pioneering efforts in teaching online, and in 2001 the first students in the VCSU online technology education program, its first online program, received degrees. Since then, the university's online programs have continued to grow.

Online undergraduate degrees are now offered in 12 programs: business education, business process integration management, career and technical education, communication, English, English education, history, history education, music, social science, social science education, and technology education. Online courses are offered in other disciplines as well. In 2017-18, VCSU offered 136 unique online undergraduate courses (in 177 course sections) with an average class size of 15 taught by 36 full-time and 18 part-time faculty.

Two graduate degrees offer seven completely online programs: the Master of Arts in Teaching (MAT) program, and six concentrations in the Master of Arts in Education (M.Ed.): elementary education, English education, library and information technology, teaching and technology, teaching English language learners, and technology education. In the graduate school in 2017-18, VCSU offered 56 unique online graduate courses with an average class size of 12 taught by 22 full-time and 9 part-time faculty.

A number of undergraduate minor programs, and undergraduate and graduate certificate programs, are also offered online.

All told, a little more than 25 percent of VCSU's 2018 fall enrollment came exclusively in online courses. The breakdown includes 255 undergraduates (16 percent of the 1,547 total enrollment) and 141 graduate students (9 percent of total).

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head" in her videos. "That's just a matter of personal preference," she says, "but I do add animations and humor to try to keep students engaged."

These days, an instructor or an institution could just go out and buy an online course, or a whole catalog of courses, for that matter. But that notion doesn't sit well with Burr. "Students choose Valley City State because they want a personal education," she says. "We hire faculty to develop face-to-face content to meet students' needs, and we want to develop our own content for online, too." At VCSU, students know their professors, their courses are not taught by TAs (teaching assistants), and in Burr's words, "They don't want to be taught by a publishing house."

It's not just the course content, either; it's also about reference material. Rather than using textbooks, Burr relies on OER (Open Educational Resources) and original writing for the majority of her courses. This saves her students money, and it allows her to come up with the mix of content that maintains student engagement.

"In online, you're still the content expert, but that's not the biggest battle," says Burr. "That comes in designing the course, making it fluid, sensible and consistent."

Although always challenging, Burr excels at this task. In 2014, she received national recognition from Blackboard, which recognized her and the Introduction to Physical Education course she designed and taught with its Catalyst Award for Exemplary Course, which recognizes "faculty and course designers...who develop exciting and innovative courses that represent the very best in technology and learning."

Another challenge for Burr as an online instructor involves the various technologies she puts to work in her courses: "If you're going to use it, you'd better know how to fix it," she says. "There's lots of self-reliance."

The feeling of always being on call for her students can be taxing to online instructors such as Burr. "I try to lay out some boundaries in terms of when I'm not available and when students can expect to hear back from me," she says, "but there's a notion that I'm always available when students leave a message or send an email. And I do want to help them succeed."

For the students, much of online learning is about flexibility: taking courses regardless of where they are geographically located, not having to worry about class offerings that clash because they're offered at the same time as something else they want or need, or being able to pick something up online when the complementary face-to-face offering doesn't fall in the semester sequence they need to stay on track.

Weighing the advantages against the challenges, Burr comes down firmly as an advocate for online teaching and learning. "I need to be ultra-prepared for everything, but at the same time, I can be more responsive, more nimble in regard to student needs," she says, "and the content is more accessible."

Burr still has work to do. She wants to make the content even more accessible, develop podcast lectures, and do more work with closed-captioning on video. None of it comes easy; in her words, "online is a lot of work."

But because Burr is committed to her teaching, committed to her students, she will continue to champion online and explore its capabilities because she sees it as a large part, and a very effective part, of the teaching and learning climate at VCSU. "I believe in the online environment," says Burr. "At VCSU, it's not just our history, our present, or our future—it's part of our culture. It's who we are."

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VCSU ONLINE AND TECHNOLOGY TIMELINE

1990
State Board of Higher Education mandates VCSU play a statewide leadership role in the effective use of instructional technology

1993
- Center for Innovation and Instruction established on VCSU campus to support North Dakota educators at all levels
- VCSU faculty and staff form Committee for Innovation and Technology in Education to chart path

1995
Committee for Innovation and Technology in Education completes VCSU Technology Plan

1996
VCSU becomes a laptop campus, the second institution in the nation (and first in North Dakota) to issue laptops to students and faculty

1998
VCSU receives U.S. Department of Education Title III grant to develop a model online program in Technology Education and begin online education

2001
First students graduate from the online Technology Education program

2004
VCSU receives National Science Foundation grant to develop online Master of Education courses in Technology Education

2005
Online Master of Education degree (M.Ed.) approved by State Board of Higher Education for Teaching and Technology, and Technology Education concentrations

2007
- First students graduate from VCSU M.Ed. program
- Library and Information Technology concentration added to M.Ed. program

2008
VCSU enters MOU with National Center for Technological Literacy at Museum of Science, Boston, for collaboration in online STEM Education

2013
Elementary Education and English Education concentrations added to M.Ed. program

2016
Online Master of Arts in Teaching (MAT) program added to graduate offerings to help meet teacher licensure needs

2017
First students graduate from VCSU MAT program

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VALLEY CITY STATE UNIVERSITY

Engage, Innovate, Succeed: Strategic Plan 2017–22

1. GROWTH: Grow the university to meet the needs of North Dakota and beyond.

This goal includes strategies for marketing, strategic student recruitment, retention and persistence, and program development to increase opportunities for growth.

1.1 *Marketing:* Focus marketing activity to increase VCSU's accessibility/interest to potential students and shape external recognition and support of VCSU.

1.2 *Strategic Enrollment Planning:* Use the Strategic Enrollment Planning process to involve key university department and stakeholders in planning university growth through student recruitment and program optimization.

1.3 *Retention and Completion:* Implement engagement strategies to increase student retention and completion.

2. QUALITY AND ENGAGEMENT: Provide distinctive learning opportunities.

This goal focuses on promoting high-impact teaching and learning practices that promote academic and cocurricular student success; supporting continued growth through professional development for faculty and staff; and utilizing resources that foster supportive learning environments for all.

2.1 *Engaging, High-Impact Practices:* Increase the educational quality and impact of our academic and cocurricular programs through research and application of best practices in teaching and learning, in partnership with private-sector employers and public entities in target job markets.

2.2 *Professional Development:* Provide opportunities and support for faculty and staff to improve student engagement and program quality.

2.3 *Resources:* Improve and support curricular, assessment, facility, and technology resources to increase the quality of teaching and learning experiences.

3. STUDENT EXPERIENCE: Implement cocurricular experiences to positively impact the learning and growth of students.

This goal speaks to the breadth of experiences students have on campus, online, and in their communities, and to the importance of delivering quality student experiences, including student life, access to services, financial support, work experiences, and campus interactions.

3.1 *Access:* Ensure students have access to the resources, activities, and opportunities for meaningful student experiences at VCSU.

3.2 *Student Engagement:* Promote involvement through service learning, athletics, cocurricular programs, student employment, community building, and career development.

3.3 *Environment:* Ensure university environments are safe, accessible, and intentionally designed to maximize student learning and experiences.

4. OPTIMIZATION: Increase efficiencies through innovation, collaboration, streamlining, and reallocation.

This goal includes strategies for strengthening collaboration with stakeholders, streamlining services and implementing innovative solutions, and strategically allocating resources to provide the highest quality VCSU experience.

4.1 *Efficiency:* Eliminate duplication and ineffective practices

4.2 *Streamlining and Reallocation:* Develop long-term strategies to help inform and prioritize budget decisions; explore additional cost-saving measures; and work with partners across the state to reduce costs and increase student access.

4.3 *Innovative Solutions:* Implement new processes, systems, and services to improve the VCSU experience.

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VALLEY CITY
STATE UNIVERSITY

Ranked among the Top 3 'Public Regional Colleges in the Midwest' by U.S. News and World Report continuously since 2010 and a U.S. News 'Best College' for 21 consecutive years!

BEST COLLEGES U.S.News & WORLD REPORT REGIONAL COLLEGES PUBLIC 2019



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'You can call me Al'

LaFave selected as 14th president of VCSU

On Sept. 27, 2018, after a nationwide search over 6 months with 50 applicants, 12 distance interviews, campus visits by 5 candidates, and 2 finalist interviews, the North Dakota State Board of Higher Education selected Alan LaFave, D.M.A., as the next president of Valley City State University. Currently serving as provost and vice president for academic affairs at Northern State University in Aberdeen, S.D., LaFave will begin his VCSU presidency in mid-December. Here's a profile that tells us a little more about the man who will become our 14th president.

The Beginning

In his interview on campus, the down-to-earth Alan LaFave was quick to quote Paul Simon, letting everyone know "You can call me Al." That touch of humility perhaps springs from his small-town upbringing in Onida, S.D. (population 650 or so now, maybe 200 more than that when he was growing up there).

According to LaFave, family life in Onida definitely helped shape his values. He learned the notion of service by helping his parents—father Lonnie and his mother Irene (known to many as "Soogie")—with the family business, LaFave TV and Appliance. Outstanding service was what kept customers coming back, and responding to service calls, regardless of the time of day, helped keep the business afloat.

His father ran the place, and "All of us kids worked there, and Mom did the books and accounts receivable," recounts LaFave, the oldest of four children, who worked at the store from junior high through high school, along with some summers during college.

The Music Student and Teacher

College for Al was Northern State in Aberdeen, a few hours and change northeast of Onida. LaFave was recruited there by Lonn Sweet, dean of the Northern State School of Fine Arts and a renowned band director in the Midwest. Now an accomplished clarinetist, LaFave benefited from Sweet's mentorship and earned a bachelor's degree in instrumental and vocal music, aiming to be a band director. "After three years at Aberdeen Central High School in that role," says LaFave, "I was fortunate to be accepted into the highly respected master's program at Arizona State University."

Hearing a performance by Robert Spring, the Arizona State

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Alan D. LaFave, D.M.A.

Education

- D.M.A., Clarinet Performance, Arizona State University (ASU), Tempe, Arizona, 1998
- M.M., Clarinet Performance, ASU, 1989
- B.M.E., Instrumental/Vocal Music, Northern State College, Aberdeen, South Dakota, 1985

Administrative Experience

- Provost, Vice President for Academic Affairs, Northern State University (NSU), Aberdeen, South Dakota (2015–present)
- Dean, School of Fine Arts, NSU (2000–15)
- Interim Dean, Graduate and Extended Studies, NSU (2002–03)
- Associate Dean, School of Fine Arts, NSU (1997–2000)
- Department Chair, Music, NSU (1994–97)

Teaching Experience

- Instructor, Assistant Professor, Associate Professor, Professor of Music, NSU (1991–2015)
- Instructor of Music, Augustana College, Sioux Falls, S.D. (1990–91)
- Instructor of Music, Grand Canyon University, Phoenix, Ariz. (1989–90)
- Graduate Teaching Assistant, Arizona State University, Tempe, Ariz. (1989–90)
- Director of Bands, Aberdeen Central High School, Aberdeen, S.D. (1985–88)

faculty member considered among the world's preeminent clarinetists and clarinet teachers, inspired LaFave to pursue a performance degree, in fact, two degrees—both a master's and a doctorate in clarinet performance. But it took two auditions with Spring—the first a lesson and an assessment of LaFave's clarinet ability, and the second a week later when he had practiced enough to address "the laundry list of items" that Spring had noted in the first—before he was accepted into the program.

LaFave's move from high school music director to graduate student to college instructor took him from South Dakota to Arizona and ultimately back home to Northern State and Aberdeen, where he joined the faculty at his alma mater in 1991 and worked his way up through the ranks as instructor, assistant professor and professor of music—teaching, recruiting, directing bands (and managing their travel), and establishing a clarinet studio.

University Administrator

LaFave loves playing music—he continues to practice and perform on the clarinet, playing his favorite jazz swing and the solo literature from the classical and romantic eras—but he also became a highly effective administrator along the way. For that, he respectfully recognizes his mentors.

"Mr. Sweet and Dr. Spring provided the inspiration for me to always do my best and, no matter what, make a positive contribution to the ensemble, school or organization," explains LaFave. "As I moved through my career in higher education, several opportunities for advancement presented themselves to me, and it was a very natural progression and transition from teaching—especially as it relates to ensemble and departmental leadership—into administration. I've always wanted to 'make a difference' and felt that administration would provide those opportunities."

Those opportunities for advancement in administration came in an upward trajectory as Northern's music department chair (1994–97), associate dean of the School of Fine Arts (1997–2000), and dean of the School of Fine Arts (2000–15). In 2015, LaFave left his formal music teaching role behind with his appointment as provost and vice president for academic affairs at Northern State.

As provost, the chief academic officer, LaFave oversees the council of deans and provides leadership in a host of areas that impact academic quality and student success, including, but not limited to, enrollment, recruitment, retention, general education, curriculum, online courses and programs, the honors program, international programs, budgets, program productivity review, facilities, scheduling, and, of course, faculty and all the considerations thereto, including workload and evaluation.

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His career path and those responsibilities have helped LaFave develop the values and skill set to take the next step in his career in higher education—the VCSU presidency. "I am strongly committed to student success, achievement, retention and access," he says. "I have a deep appreciation for students and faculty, and sincerely enjoy working collaboratively with colleagues. I also believe I can continue to enhance the important relationship between the university, community, alumni and stakeholders."

LaFave is proud of his work at Northern and his role in the university's success; he believes "that Northern is a better and stronger institution than when I began in 1991." But he's quick to add, "This has been a team effort. I've had the opportunity to work with many outstanding faculty, staff and administrators over the years who continue to uphold quality as paramount to success."

Some of his most satisfying contributions have come in the field of fine arts, of course. "The visibility and reputation of the fine arts at Northern is among the strongest in the region," says LaFave, "and my work with helping realize the completion of the $14 million renovation and addition to the Johnson Fine Arts Center was very gratifying."

Family

For most of his journey, the 56-year-old LaFave has been accompanied by Kari, his wife and partner for more than three decades. Kari and Al met in marching band at Northern State, and the couple married in 1985. She holds a bachelor's degree in business with an accounting emphasis and has worked for the Great Lakes Higher Education Corp., a student loan guarantee agency, for the past 25 years.

The LaFaves have two daughters, Lexi and Ashley. A senior at Aberdeen Central High School, Lexi is a middle hitter on the Golden Eagles volleyball team and is also active in choir.

Her older sister Ashley, a Northern graduate with a degree in elementary education, also shares a passion for volleyball; she's the co-head coach at Kindred (N.D.) High School, where she's also assistant girls basketball coach. Ashley and her husband, Logan Fahnhorst, live in Fargo. Logan, a CPA, works as a senior audit associate with Eide Bailly, and Ashley commutes to Kindred, where she teaches first grade in the elementary school in addition to her coaching responsibilities.

Relaxation

Kari and Al spend much of their time supporting their daughters, attending concerts, games and tournaments. When Kari gets a chance, she also enjoys genealogy, crafting and planting mums.

Al continues to pursue his passion for music, guest conducting and adjudicating when the occasion arises, and performing a few times a year. "I performed 'The Shepherd on the Rock,' a Schubert trio for soprano, clarinet and piano, as part of Northern's faculty potpourri recital this fall," he says, "and I still perform at almost every Jazz Swing Dance, trying my best to impersonate Benny Goodman, Artie Shaw and Woody Herman." He also plays saxophone "and even some tuba!"

Along with his brother, Al used to ride enduro motorbikes on the hills and in the ditches around home in Onida, and his teenage passion for motorcycles has been rekindled recently. "My work with the Rushmore Music Camp coincides exactly with the Sturgis rally in the Black Hills, so I've become enthralled by the beautiful Harley-Davidson bikes. Several of my good friends ride, and they helped ignite and support the interest. I purchased my first Harley last spring and have put many miles on it. I really enjoy the fresh air and solitude of riding!"

LaFave also enjoys golf but given that he only gets out a few times a year, he admits his play is "nothing to write home about." Although he enjoys flying and has made good progress toward a private pilot license, that will get put on hold for a while until he has time to finish.

A Northern State Wolves supporter and a sports fan in general, it won't be a tough switch for LaFave to start cheering for the VCSU Vikings; he's already a fan of both the Minnesota and Kindred Vikings, and along with Kari and Ashley, he caught the VCSU homecoming victory over Waldorf this October.

The VCSU Presidency

Since the announcement of LaFave's selection as VCSU president, he's received numerous emails and notes of congratulations. "The campus and community have been extremely welcoming, and that is so appreciated," says LaFave. He'll start the new job on Dec. 17.

Working with the leadership team, LaFave





(above) This holiday family shot includes son-in law Logan Fahnhorst, his wife Ashley Fahnhorst (nee LaFave), Kari, Al, and Lexi. Ashley and Logan live in Fargo.

(left) The LaFaves are a volleyball family, and here's a photo taken at daughter Lexi's Senior Night at Aberdeen Central on Oct. 30. From left to right, it's Kari, Al, Lexi, and Ashley.

(opposite page) Al LaFave rode motorbikes in his youth with his brother, but now his taste in bikes has moved to Harley road machines. This photo shows Al with his old bike; he has since upgraded to a cardinal-red Harley to better fit in at VCSU!

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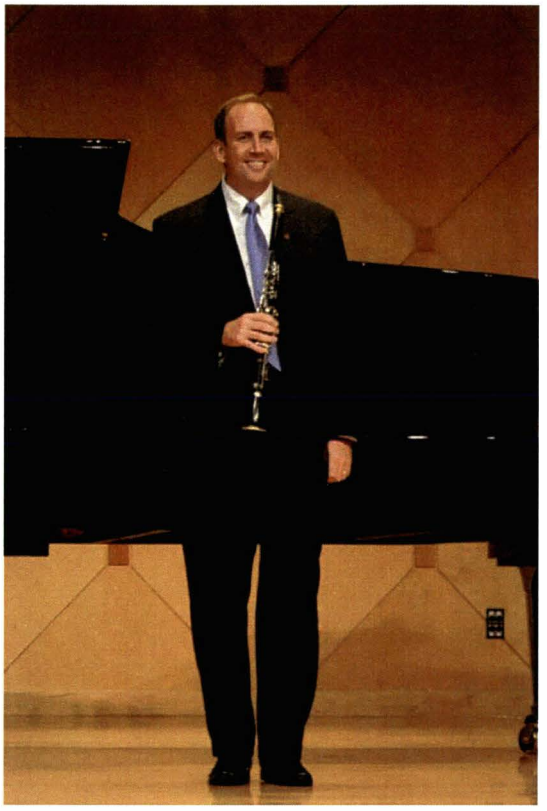
plans to continue the university's focus on student success and quality programs, while increasing retention rates and maintaining the institution's very positive reputation. "I look forward to working with campus and community constituents to increase scholarship opportunities to help make degree attainment more affordable," he says. "I understand the important relationship VCSU and the entire Valley City region enjoy, and I hope to enhance that relationship by looking at ways we can work together to make the region stronger, educationally and economically."

In her Sept. 24 column, VCSU Interim President Margaret Dahlberg wrote about the presidential search and the comments from the pool of five semi-finalist candidates, including LaFave, who visited campus the week of Sept. 10. She heard the candidates validate the university's strengths: our engaged students, an upbeat campus culture, a collaborative and innovative spirit, and a solid financial position, among others.

"At VCSU, we are learning-centered, innovative, student-focused, collaborative, and engaged," wrote Dahlberg. "These are our core values, the qualities we attempt to embody in daily work, planning, and decision-making. It's reassuring to know that the outside perspectives from these presidential candidates indicate that we are both 'talking the talk and walking the walk' in keeping our focus on the success of our students and our university."

"Walking the walk" for LaFave will mean following the path set in the last four decades by his VCSU presidential predecessors Charles House, Ellen Chaffee, Steve Shirley, and Tisa Mason, along with Dahlberg, who's carried the university through two stints as interim.

That group has set the bar high, and now we welcome Al LaFave, and his family, as he leads us into our next chapter.



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(right) An accomplished clarinetist, Alan LaFave still finds time to practice and relishes the opportunity to perform. Here he's pictured at a recital at Arizona State University, where he earned his master's and doctorate in clarinet performance.

(below) The LaFaves are already cheering on the VSCU Vikings! Al, wife Kari and daughter Ashley attended the Viking Homecoming victory over Waldorf Oct. 13, where they met up with Jill DeVries (left), VCSU athletic director.



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SENATE APPROPRIATIONS

Senator Ray Holmberg, *Chairman*
Senator Karen K. Krebsbach, *Vice Chairman*
Senator Terry M. Wanzek, *Vice Chairman*
Senator Brad Bekkedahl
Senator Dick Dever
Senator Robert Erbele
Senator John Grabinger
Senator David Hogue
Senator Gary A. Lee
Senator Tim Mathern
Senator Dave Oehlke
Senator Nicole Poolman
Senator Larry J. Robinson
Senator Ronald Sorvaag

John Richman, Ph.D.
President
March 19, 2019

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THE SCIENCE OF SUCCESS.
North Dakota State College of Science

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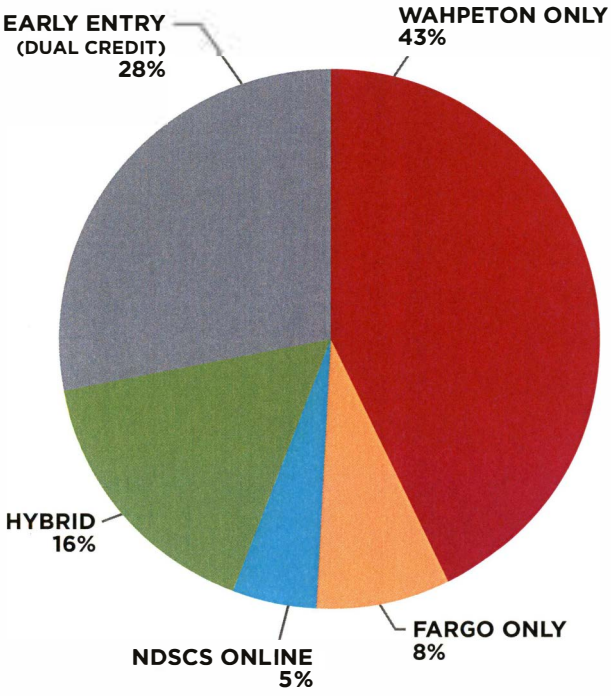
2017-2018 Enrollment Data

EDUCATE AND TRAIN THE WORKFORCE BY THE NUMBERS

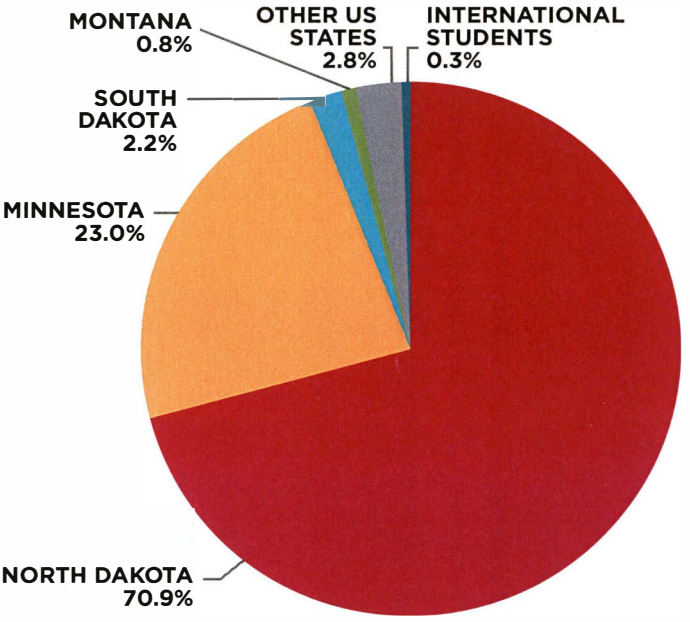
Credit Seeking Students	2,957
TrainND Southeast Participants	708
ApprenticeshipND Participants	428
SkillsND Participants (New Americans)	38

TOTAL 4,131

CREDIT SEEKING STUDENTS BY DELIVERY TYPE



CREDIT SEEKING STUDENTS BY ORIGIN



2018 Quick Facts

32
Academic Programs with 86 Career Pathways

70.9%
of Students are from North Dakota

46 of 53
North Dakota Counties Represented

72%
Student Retention Rate
National Average (IPEDS) 58%

46.4%
of Wahpeton Students Live On-campus

9
On-campus Housing Options

5
NJCAA Teams
Football, Volleyball, Softball, Men's and Women's Basketball

3
Performing Arts
Choir, Band and Theater

Second Oldest Two-Year College in the Country

Academic Program Offerings

- Agriculture and Business
- Allied Health
- Building Systems
- Construction and Design
- Liberal Arts Transfer
- Manufacturing
- Transportation



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Economic Need

14,000+
Statewide Job Openings

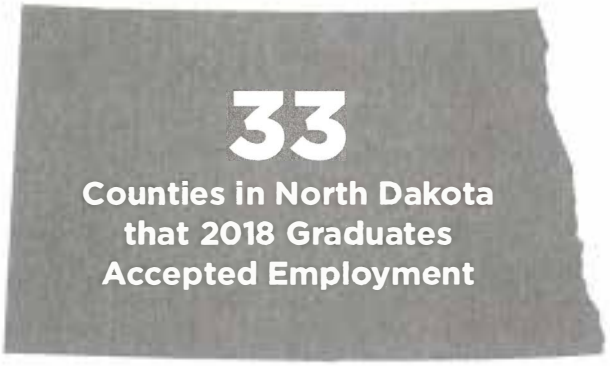
"ND losing thousands... with unfilled jobs"

- Fargo Forum
May 27, 2018

2018 NDSCS Placement Data

99% Placement Rate





8,882
Jobs Posted with Career Services

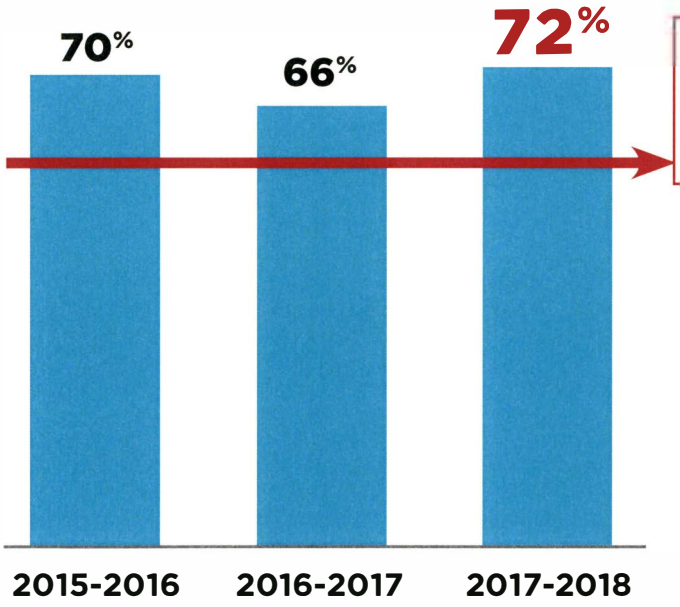
100%
Placement Reported by 24 of 29 NDSCS Program Areas

$3,406
Beginning Average Monthly Salary

$4,745
Reported High Monthly Salary

Outcomes

IPEDS RETENTION RATE*



58%
National IPEDS FT/FT Retention Rate
(Fall 2016 Cohort)

*NDSCS IPEDS Retention Rate first time, full-time to the Institute (not transfer)

86%
Current Cohort Persistence Rate

80%
of Students have Graduated or Successfully Transferred to Another Institution
(First-time at institution, all students starting Fall 2011 – SAM)

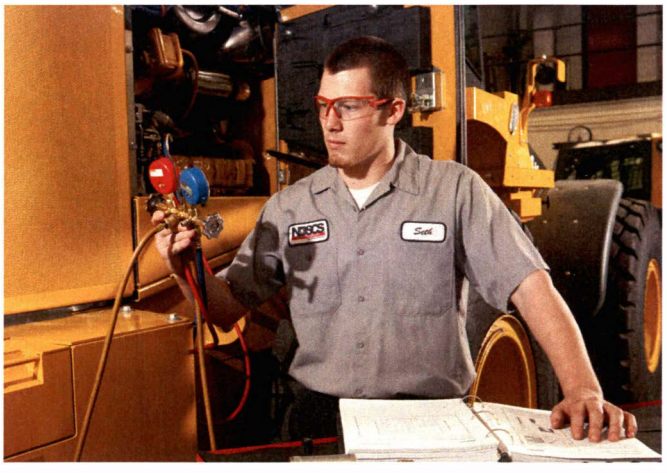
90% to 100%
Student Pass Rate
(National Exams Licensures and Certifications)

Valued

$17 Million
NDSCS Foundation Endowment



$6.7 Million
Entrusted Equipment



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Business and Industry Partnerships

Butler CAT

SANFORD HEALTH
EMS Education

CASE IH AGRICULTURE

JOHN DEERE

KOMATSU®

JOHN DEERE

FANUC Robotics

PPG

RDO EQUIPMENT CO.

RDO INTEGRATED CONTROLS

CERTIFIED EDUCATION ROBOT TRAINING

HAAS

SITECH

NORTH DAKOTA SOCIETY OF PROFESSIONAL LAND SURVEYORS 1979

LINCOLN ELECTRIC

EMERSON Process Management

Snap-on Industrial

BUTLER A BlueScope Steel Company

TRANE

Bell Bank
Member FDIC

RSES®

CHI St. Francis Health

BRANDT Holdings

Nodak Mutual Insurance Company

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Partnering For Success



DEFINITION
NDSCS partnerships are when two, or more, entities share or exchange resources in way(s) that benefit all parties involved, especially when focused on student success.

195+
Current NDSCS Partnerships

TrainND Southeast

Annual Report 2017-2018 Fiscal Year

trainND SOUTHEAST

172 Businesses Served

41% Repeat Business

169 Training Events

99% Satisfaction Level

708 Participants (unduplicated)

1,162 Registrations (duplicated)

16,919 Total Training Hours

$365,084 Revenue Generated in 2017-2018

$383,940 State Grant in 2017-2018

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ApprenticeshipND

Annual Report 2017-2018 Fiscal Year

Program	Unduplicated Registrations	Duplicated Registrations	Contact Hours
Electrical	249	398	35,606
Other/Technical	116	190	11,781
Pharmacy Tech	63	220	8,800
TOTALS	**428**	**808**	**56,187**

GENERAL EQUIPMENT & SUPPLIES

APPRENTICESHIP PROGRAMS

- Aggregate Service Technician Certification
- Heavy Equipment Parts Person Certification

TUITION 100% PAID

SkillsND Training for New Americans

Annual Report 2017-2018 Fiscal Year

42% Wage Increase

30% Math Proficiency Increase

55% English Proficiency Increase

38 Participants (with 54 dependents) all saw an Increase in Wages

87% of Participants were Employed

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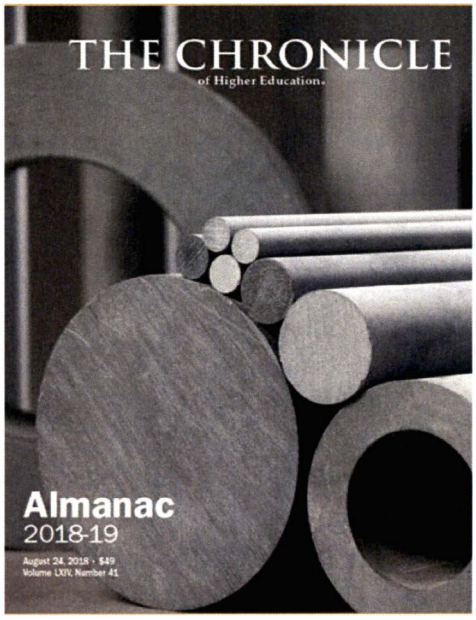
National Recognition

NDSCS is performing within the top 2% of two-year colleges in the United States.



Nationwide: 15th Best Graduation Rate

THE ASPEN INSTITUTE
COLLEGE EXCEXCELLENCE PROGRAM

Selected from more than 1,000 two-year colleges to share our Workforce Development Strategies

Forbes

Ranked "14th Best Technical School"

Successes

EXPANDED PARTNERSHIPS

- Business & Industry
- K-12

CAREER WORKFORCE ACADEMY

ENHANCING OUR EFFECTIVENESS

- Lean Methodology

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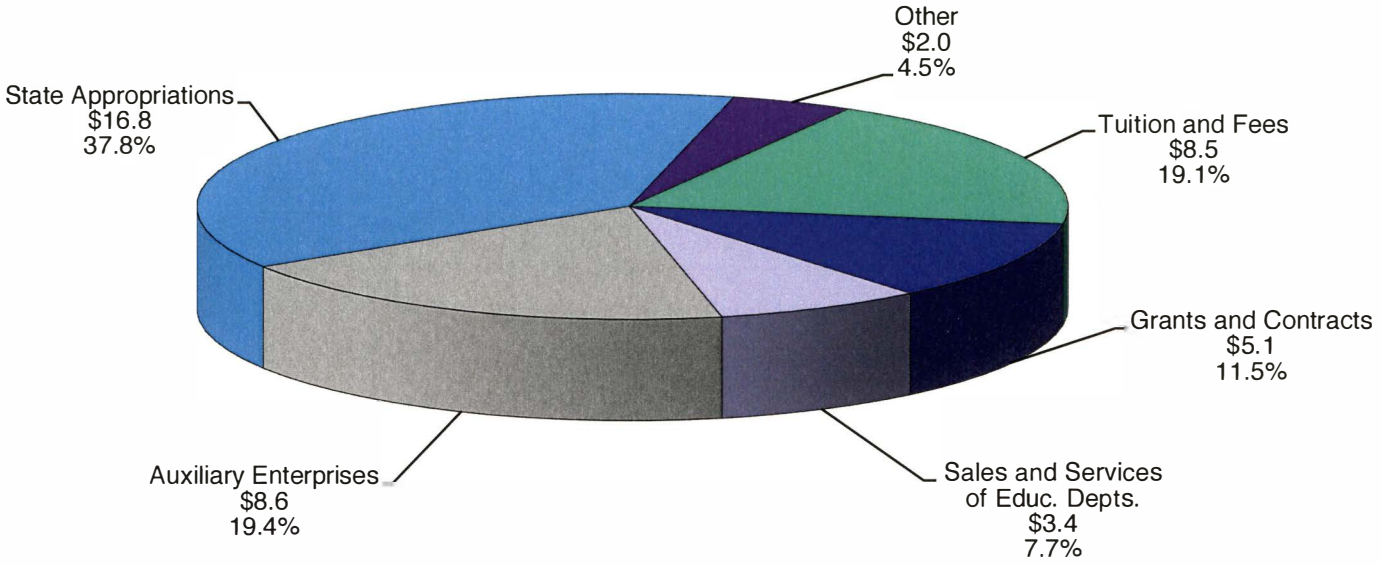
FY18 Total Revenue Overview

(Excluding Capital – in millions)

Total Revenue $44.4 million



Source: Audited NDUS Financial Statements, June 30, 2018

Auxiliary Enterprises are the self-supporting activities of the campuses, such as bookstore, food service and housing.

Sales and Services of Educational Departments includes revenues related incidentally to instruction, research, public service and revenues of activities that exist to provide instructional and laboratory experience for students and incidentally creates goods and services that may be sold to students, faculty, staff and the general public. Examples are advertising in campus publications, fees for conferences organized by the institution and ticket sales for campus theatrical and musical events.

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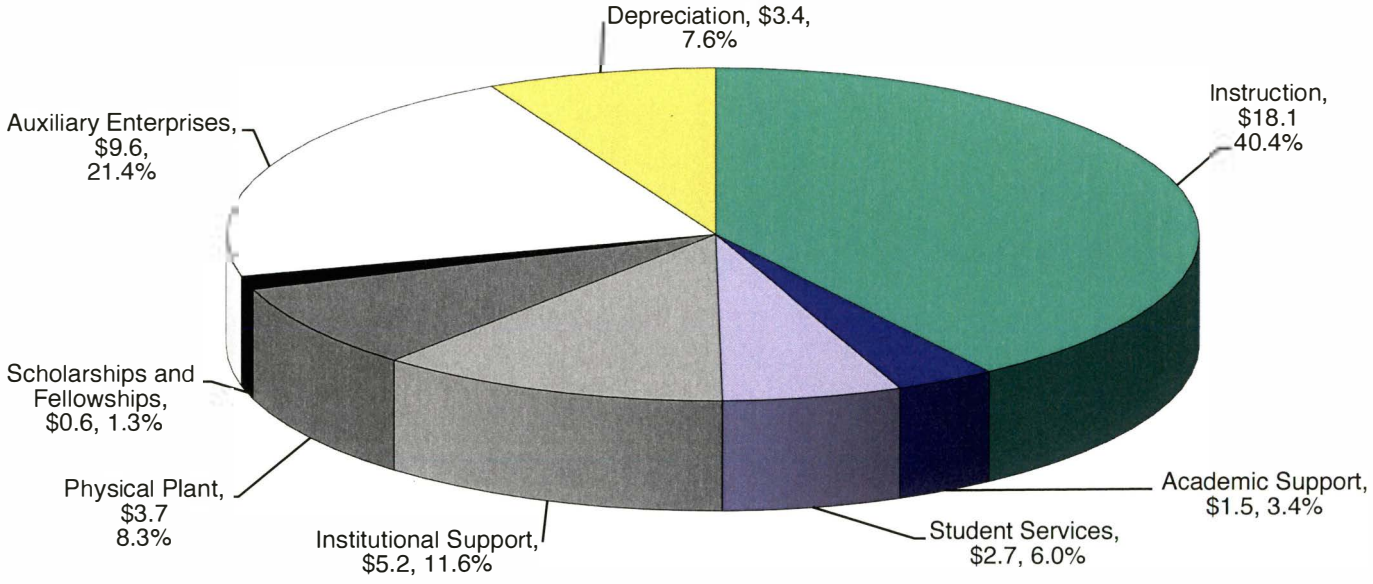
FY18 Operating Expense by Function

(excluding capital items and other nonoperating expenses – in millions)

Total Operating Expenses $44.8 million



Source: Audited NDUS Financial Statements, June 30, 2018

The **instructional function** includes expenses related to instruction (e.g. classroom, distance ed and continuing education) and instructional support. **Academic support** includes libraries, academic deans, and other departments that directly support the academic unit of the campuses. **Student services** include offices that provide a specific service to students, including career services, registration, admission and counseling. **Institutional support** includes staff that supports the institution as a whole (e.g. business office, IT support and president's office). The **physical plant function** includes upkeep, maintenance and utilities for campus facilities. **Scholarships and fellowships** include aid provided to students. Auxiliary enterprises are the self-supporting activities of the campuses, such as bookstore, food service and housing. **Depreciation** represents the non-cash expense of capitalized assets over time. **Public service** includes activities established primarily to provide non-instructional services that are beneficial to individuals and groups external to the institution. The **Research function** is activities specifically organized to produce research.

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NDSCS Financial Sustainability

-4 -3 -2 -1 0 1 2 3 4 5 6 7 8 9 10

Higher Learning Commission (HLC) Scoring Scale

Consider whether financial exigency is appropriate →

With likely large liquidity and debt compliance issues, consider structured programs to conserve cash →

Assess debt and Department of Education compliance and remediation issues →

Consider substantive programmatic adjustments →

Re-engineer the institution →

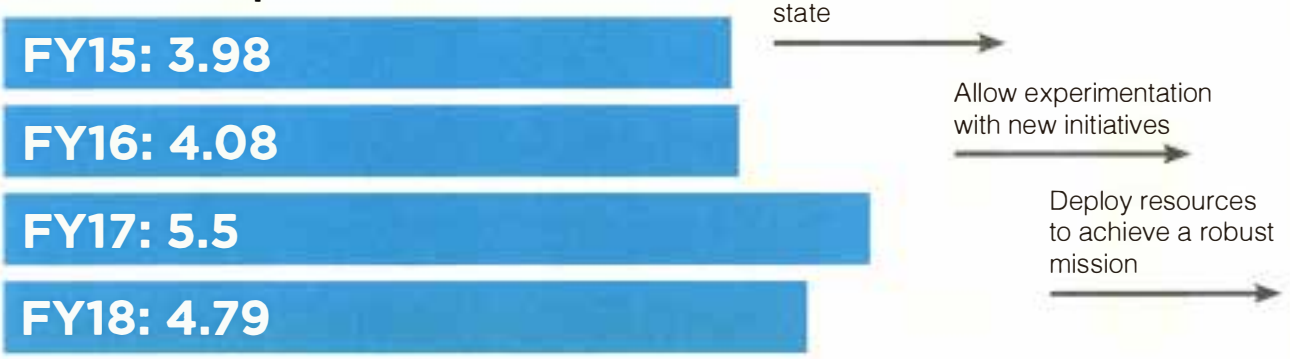
Direct institutional resources to allow transformation →

Focus resources to compete in future state →

Allow experimentation with new initiatives →

Deploy resources to achieve a robust mission →

NDSCS Composite Financial Index



HLC uses the zones listed below to evaluate institutions:

CFI Zones	Public Institutions Composite Index	Outcomes
Above	1.10 to 10	No Review
In	0 to 1.0	Financial Panel Review if "in" for two or more consecutive years
Below	-4.0 to -0.1	Financial Panel Review if "below" in any given year

← **NDSCS scores within this zone**

Comparison of 2017-19 Base Budget

to 2019-21 SBHE Request and Executive Recommendation

NDUS Institutions Comparison of SBHE General and Special Funds Budget Request to Executive Recommendation	North Dakota State College of Science			
	SBHE 2019-21 GF Budget Request	Executive Recommendation	Engrossed HB1003	Engrossed HB1003 Over (Under) Budget Request
2017-19 Adjusted General Fund Appropriation (5/31/18)	$ 37,184,487	$ 37,184,487	$ 37,184,487	$ -
Remove one-time, carryover & payroll adj.	(2,095,111)	(2,095,114)	(2,095,111)	-
2017-19 Base General Fund Appropriation(HB1003)	$ 35,089,376	$ 35,089,373	$ 35,089,376	$ -
4%/4% Salary Increases	1,500,469		-	(1,500,469)
Base Adjustments - Funding Formula	(64,604)	(64,604)	(64,604)	-
2019-21 Adjusted General Fund Appropriation, Net of Base Adjustments(Needs Based Budget Request)	36,525,241	35,024,769	35,024,772	(1,500,469)
2019-21 Adjustments:				
4%/2% salary increase	-	1,073,065		-
2019-21 Health insurance increases	-	576,525	688,451	688,451
2%/2% salary increase			625,495	625,495
Funding formula additional 5% reduction	-	(1,751,239)		-
Funding formula - minimum amount payable	-	-		-
TR Library digitization project				
Total Adjustments	-	(101,649)	1,313,946	1,313,946
2019-21 Base General Funds	$ 36,525,241	$ 34,923,120	$ 36,338,718	$ (186,523)
2017-19 Special Funds Budget	57,605,613	57,605,613	57,605,613	-
Less Capital/one time items			-	-
2017-19 Adjusted Special Funds Base Budget (HB1003)	57,605,613	57,605,613	57,605,613	-
4%/4% salary increase requested	1,268,133	-	-	(1,268,133)
Base Payroll adjustments	1,060,503	1,060,503	1,060,503	-
Other changes in estimated income		-		-
Remove prior biennium capital asset carryover		-		-
Change in extraordinary repairs and special assessmen	-	-		-
2019-21 Adjusted Special Fund Base Appropriation	$ 59,934,249	$ 58,666,116	$ 58,666,116	$ (1,268,133)
Executive Recommendation Base Increases (Decreases):				
Capital Projects	30,000,000	30,000,000		(30,000,000)
Health insurance increases		628,989		-
4%/2% salary increase	-	980,292		-
Engrossed HB1003 Adjustments				
Health insurance increases			742,674	742,674
2%/2% salary increase			557,546	557,546
Capital Building Fund Tier II -				
Bank of ND funds			500,695	500,695
1%/1% Tuition Increase			268,296	268,296
Institution Match at 1 to 1			768,991	768,991
Capital Projects			-	-
Total Adjustments	30,000,000	31,609,281	2,838,202	(27,161,798)
2019-21 Special Fund Request and Executive Recommendation - Special Funds	$ 89,934,249	$ 90,275,397	$ 61,504,318	$ (28,429,931)
Total All funds	126,459,490	125,198,517	97,843,036	(28,616,454)

Capital Projects
Career Workforce Academy
($30M Other Unrestricted Funds)

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NDSCS Overall Budget Impact

(20% Reduction for FY18/FY19)

TIME LINE AND AMOUNT OF BUDGET REDUCTIONS

Reduction Date	Reduction Percentage	Reduction Amount
February 2016	4.05%	$2,359,218
August 2016	2.5%	$1,456,308
August 2016 (90% budget)	3.45%	$2,100,000
March 2017 (Engrossed SB 2003)	10%	$4,391,198
Total	**20%**	**$10,306,724**

OVERALL OPERATIONAL IMPACT

Division	% Total of NDSCS Biennium Budget	% of the Total 20% Biennium Budget Reduction	% Reduction to Each Division's Biennium Budget
President's Office	11%	18%	28%
Administrative Affairs	25%	31%	21%
Student Affairs	10%	10%	17%
Academic Affairs	54%	41%	13%

OVERALL PERSONNEL IMPACT

A total of 64 positions were impacted, 48 positions eliminated (14% of NDSCS's workforce). Increasing faculty teaching loads enabled faculty salary pools to be reduced by $450,000.

Category	Administrative	Staff	Faculty
Vacant Positions Eliminated	4 (14% of Administrative)	12 (6% of Staff)	11 (9% of Faculty)
Active Positions Termed	1 (4% of Administrative)	15 (7% of Staff)	5 (4% of Faculty)
Base Compensation Adjusted	4 (16% of Administrative)	12 (6% of Staff)	0 (0% of Faculty)
Total Positions Eliminated	5 (18% of Administrative)	27 (13% of Staff)	16 (14% of Faculty)

PROGRAMS AND SERVICES IMPACT

The 80% budget for the 2017-2019 biennium has, and will, make a lasting impact on how NDSCS operates into the future. For 116 years NDSCS faculty, staff, students, and friends have continued to stay focused on the mission of the institution; and together we will continue to train and educate the workforce of tomorrow for North Dakota.

There were no Academic Programs or services eliminated.

Capital Requests

STATE FUNDED PROJECT

Hektner Student Center Improvements



Project type based on percentage of cost as per Master Plan section 3.

25% PED

50% DMP

25% LSS

Aligned with Master Plan



Project Cost Estimate (estimate to mid-point of construction)

Project Total $6,708,000

Total Construction	**$5,487,000**
Total Soft Costs	**$601,000**
Total FF&E/Other	**$620,000**

Future Operating Costs $ N/A

We anticipate this project as being neutral to our campus operating costs.



Source of Funds

1. General fund appropriation
   a. NDSCS is requesting $6,708,000 from the general fund appropriation
2. Revenue bond proceeds (if selected, request includes authorization to bond)
3. A combination of funds or other funding sources (describe).

NON-STATE FUNDED PROJECT

House removed this project – request Senate to restore project.

NDSCS Career Workforce Academy



Project type based on percentage of cost as per Master Plan section 3.

100% PED

__% DMP

__% LSS

Aligned with Master Plan

Project Cost Estimate (estimate to mid-point of construction)

Project Total $30,000,000

Source of Funds:

1. A combination of funds or other funding sources (describe).
   a. This project would be funded through a combination of funds from multiple stakeholders. NDSCS is fundraising the $30,000,000 for construction through private and public partnerships. We would not be requesting any state appropriations for construction. The annual operating expenses would be funded through private and public partnerships, tuition dollars and the associated funding from the state through the current per credit funding formula.

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Operational Audit Finding

MONTHLY BANK RECONCILIATIONS (Finding 17-1)

Recommendation:

We recommend that NDSCS reconcile the BND general account and general ledger balances to a zero difference on a monthly basis.

North Dakota State College of Science Response:

Agree with the Recommendation: To clarify, NDSCS does do monthly reconciliations for all bank accounts, but hasn't been booking any monthly differences to the general ledger until year end. To improve internal control practices, NDSCS agrees to reconcile and book any adjustments, if necessary, to zero balance on the general ledger on a monthly basis. Implemented with immediate effect.

NDSCS 2015-17 Capital Carryover

OMB LINE ITEM	General Fund Carryover to 2017-19	Expenditures thru 11-30-2018	Estimated Unexpended Balance of Carryover in column (6) at 6-30-2019	Project Completion or Estimated Completion Date	Explanation of How Funds were Spent
XXX50 - Capital Assets:					
Extraordinary Repairs	320,507.07	318,555.00			Various deferred maintenance projects & repairs (Fire alrams, Windows/Doors, Roofs)
Deferred Maintenance					
2015-17 Capital Projects (List below):					
NDSCS Water/Sewer Project	1,533,141.88	1,442,666.00	90,476.00	9/30/19	Project Continuation
Security Pool Allocation	75,456.00	75,456.00			Lighting/Cameras
Subtotal-Line 50 Carryover	1,929,104.95	1,836,677.00	90,476.00		

Transfer of Operating Expenses to Capital

During 2017-19, NDSCS transferred $152,000 from its Operating Expenses Line Item 30 to Capital Assets Line Item 50 in order to utilize the 2-1 Deferred Maintenance Match for miscellaneous repairs.

Report of 2017-19 Extraordinary Repairs Base Funding and Required Match

for the period July 1, 2017 through December 31, 2018

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
				Source of 2-for-1 Match			
Project Description [1/]	Amount from Base Extraordinary Repairs	Amount of 2-for-1 Match	Total Project Amount	Transfer from General Fund Operating Funds	Other Funds	Total Match (Must = Col 3)	Description of Other Funds (Column 6) [2/]
Miscellaneous repair: boilers, concrete repair, flooring updates, structural repairs	$76,000	$152,000	$228,000	$152,000	$0	$152,000	
Various miscellaneous repairs	$54,900	$109,800	$164,700		$109,800	$109,800	Local Funds
Building Exterior	$76,682	$153,318	$230,000			$153,318	Appropriated Carryover
Mechanical Upgrades	$120,024	$239,976	$360,000			$239,976	Appropriated Carryover
Interior Finishes	$50,000	$100,000	$150,000			$100,000	Appropriated Carryover
Paving and Lighting	$16,670	$33,330	$50,000			$33,330	Appropriated Carryover
Various miscellaneous repairs	$36,624	$73,376	$110,000			$73,376	Appropriated Carryover
			$0			$0	
			$0			$0	
			$0			$0	
			$0			$0	
			$0			$0	
Totals 7/1/17 - 12/31/18	$430,900	$861,800	$1,292,700	$152,000	$109,800	$861,800	

[1/] In column 1, include description for individual projects or combined "like-projects" (example "Various roofing projects for (identify locations)")

[2/] In column 8, please be specific as to the source of other funds in column 6 (examples: tuition, private, federal, approp reserves, etc)

STATUS AS OF 12/31/18	GF Base	Required Match	Total
2017-19 Biennial Totals	$1,012,379	$2,024,758	$3,037,137
Used 7/1/17 - 12/31/18	($430,900)	($861,800)	($1,292,700)
Balance Available	$581,479	$1,162,958	$1,744,437

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Challenge Grant Program

CHALLENGE GRANT III - JULY 2017 - DECEMBER 2018

Program	Total Award	Pledge	Match Amount
Business Admin. Scholarships	$52,500	$35,000	$17,500
Dental or Nursing	$30,000	$20,000	$10,000
General Scholarship	$265,751	$177,167	$88,584
HVAC/R Scholarships	$42,499	$28,333	$14,166
Liberal Arts Scholarship	$15,000	$10,000	$5,000
Nursing & AG Scholarship	$75,000	$50,000	$25,000
Science Programs	$44,250	$29,500	$14,750
Science of Leadership Scholarship	$75,000	$50,000	$25,000
	$600,000	**$400,000**	**$200,000**

CUMMULATIVE OF ALL CHALLENGE GRANTS

Program	Total Award	Pledge/Gifts	State Match
Agriculture Scholarships	$165,000	$110,000	$55,000
Allied Health Scholarships	$67,500	$45,000	$22,500
Architectural Drafting Scholarships	$81,936	$56,664	$25,272
Auto Tech & Electrical Scholarships	$150,000	$100,000	$50,000
Building Construction/Architectural Program	$37,500	$25,000	$12,500
Business Admin. Scholarships	$202,500	$135,000	$67,500
CRM Program	$37,500	$25,000	$12,500
Dental Assisting Program	$30,000	$20,000	$10,000
Dental Assisting Scholarship	$37,500	$25,000	$12,500
Dental Hygiene or Nursing Scholarships	$60,000	$40,000	$20,000
Diesel Program	$1,303,721	$869,147	$434,574
Diesel Scholarships	$37,500	$25,000	$12,500
Diesel/Electrical/Civil/Welding Programs	$37,500	$25,000	$12,500
Diesel/Robotics Scholarships	$37,500	$25,000	$12,500
Electrical Program	$45,000	$30,000	$15,000
Electrical Scholarships	$30,000	$20,000	$10,000
General Scholarships	$1,730,394	$1,179,623	$550,771
HVAC/R Scholarships	$47,499	$31,666	$15,833
Land Surveying/Civil Program	$202,500	$135,000	$67,500
NDSCS Leadership/Ambassador Fund	$109,463	$72,975	$36,488
NDSCS Science of Leadership Scholarships	$202,500	$135,000	$67,500
Nursing/AG Scholarships	$675,000	$450,000	$225,000
Nursing Scholarships	$113,841	$76,667	$37,174
Performing Arts Scholarships	$13,575	$9,050	$4,525
Precision Machine Department	$37,500	$25,000	$12,500
Precision Machine Scholarship	$60,000	$40,000	$20,000
Professional Dev Endowment	$532,500	$355,000	$177,500
Science Department Scholarships	$44,250	$29,500	$14,750
Skills Program Scholarships	$507,750	$338,500	$169,250
Welding Program	$7,500	$5,000	$2,500
	$6,644,927	**$4,458,792**	**$2,186,135**

NDSCS Future Directions

PROGRAMMATIC INITIATIVES

- Expansion of Registered Nursing program
- Incorporate Ag Land Lab into all Agriculture curriculum/instruction
  - Fully utilize 94 acres of donated land as a teaching land laboratory
- Expand Agriculture Department's Adult Farm Management program
  - Wahpeton, Fargo and Jamestown
- Statewide collaborative Emergency Medical Services (EMS) programming
  - Align NDSCS, BSC and DCB EMS curriculums
- Alignment of secondary and NDSCS Welding/Manufacturing curriculum
  - Promote Early Entry credit opportunities
- Comprehensive healthcare simulation exercises including Nursing, EMS, and other health programs
  - Partner with Tri-College and Sanford Health Systems to develop a comprehensive simulation lab
- Expand (Building Construction Technology) instructional model
  - Incorporate work-based learning activities in place of traditional class or lab instruction
  - Seek industry sponsorships for all students
- Nursing Outreach
  - Conduct needs/financial assessment for Associate of Science in Nursing (ASN) outreach program to the greater Oakes community
  - Conduct needs/financial assessment for Practical Nursing (PN) and ASN outreach programs to Fargo
- Unmanned Aircraft Systems (UAS) Initiative
  - Incorporating UAS/drone technology into existing Land Surveying and Agriculture courses
  - Implementing an UAS certification Spring 2019

ACADEMIC INSTRUCTIONAL INITIATIVES

- Increased utilization of experiential education
- Build on apprenticeship style learning models
- Enhanced simulation tools and technologies
- "Reach Students Where They Are" initiative
  - Live stream classes and programs to rural/distant sites
  - NDSCS – Fargo
    - Career Workforce Academy will significantly expand the availability for CTE classes to the greater Cass County area
  - NDSCS – Online
    - Flexibility and access 24/7
    - Diverse students – high school, college or incumbent worker

  - NDSCS – Early Entry
    - Enhanced course offerings in underserved communities
    - Increased collaboration with high schools
    - Focused offerings of CTE classes
    - Reduces cost for students and gives them a head start on college
  - Striving for partnership in all program areas
    - Business and industry, educational, community or others
    - Partnering for Success Initiative
- K-12 Relationships

GOALS

- Improve the student learning experience
- Strategically meet business and industry needs in North Dakota and the region
- Commitment to the continuous development of NDSCS employees
- Strengthen relationships with internal and external stakeholders

CHALLENGES

- Enrollment growth
- Reducing student socioeconomic barriers
- Balancing internal workloads
- Aligning resources to maximize outcomes

OPPORTUNITIES

- Career Workforce Academy
- Partnering for Success
- High-Demand academic programs and innovative delivery methods
- Less reliant on appropriated funding
- Accreditation: Systems Portfolio

PRIORITIES FOR 66TH LEGISLATIVE SESSION

- Securing appropriate and competitive compensation
- Maintaining funding model
- Career Academy Grant program (see page 22)
- 21st Century Tactical Workforce Plan (see page 23)
- Developing opportunity tuition programs
  - High demand careers - SB 2039, HB 1171
  - Dual Credit courses - HB 1122
- Implementing Workforce Development Council recommendations (see page 24)
- Expanding Challenge Grant Program

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AMEND AND SUPPORT IN SENATE

HB 1003: Higher Education Funding Bill

Amendments below will prevent NDSCS from participating in the development of a Career Workforce Academy.

Sections 5, 6, and 7 include language similar to last session pertaining facility expansion that was vetoed last session. Amend and support in Senate, removing language below from HB 1003 in the Senate.

- **SECTION 5** A new subsection to section 15-10-63 of the North Dakota Century
  - Code is created and enacted as follows:
    Notwithstanding any existing agreements an institution under the control of the state board of higher education shall obtain approval from the legislative assembly before the institution acquires any additional facility space to be used by the institution for any purpose, if the acquisition would result in additional operating costs to be paid from any source. This subsection does not apply to operating lease agreements that preclude the ownership of the leased facility.

- **SECTION 6** A new subsection to section 15-10-63 of the North Dakota Century
  - Code is created and enacted as follows:
    Notwithstanding any existing agreements, an institution under the control of the state board of higher education shall obtain approval from the legislative assembly before an institution purchases, rents, occupies, or otherwise utilizes a building or any portion of a building for a purpose that directly or indirectly supports or relates to the institution's educational or administrative functions if the building is located more than ten miles from the campus of the institution. This subsection does not apply to buildings utilized by an institution to offer dual-credit courses. buildings utilized by the agricultural experiment station and research extension centers, and buildings utilized by the North Dakota State University Extension service. For purposes of this section, "campus" means the campus of the institution under the Federal Clery Act [Pub. L. 105-244; 20 U.S.C. 1092{fll.

- **SECTION 7** A new subsection to section 15-10-63 of the North Dakota Century
  - *Code is created and enacted as follows:*
    An institution that obtains legislative approval to acquire any additional facility space to be used by the institution for any purpose must establish a maintenance reserve fund of at least three percent of the total construction cost or replacement value, whichever is greater, of the acquired space.

    The institution's plans for funding the maintenance reserve fund must be included in the request for legislative approval. Maintenance reserve funds must be deposited in an account under the control of the state board of higher education before the acquired space may be occupied, and the funds may be used for maintenance repairs after the total deferred maintenance of the space exceeds thirty percent of its replacement value. The funds may not be used for any other purpose. This subsection does not apply to additional space acquired through the sale of revenue bonds that require by covenant the establishment of maintenance reserve funds.

Capital Request – Non-State Funded Project

- Restore NDSCS's request of $30 million for Career Workforce Academy.

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HB 1019: Department of Career and Technical Education

- **Support –** Restore funding of $30 million for matching grant funding for a statewide Career Academy program.
- **Support –** House version to maintain $2.0 million TrainND funding for workforce training programs.
- **Support –** Restore $305,007 to current funding levels for Adult Farm Management program.

SB 2341: Apprenticeship Expansion

- **Support –** Apprenticeship training program. 1. For purposes of this section, unless the context otherwise requires: a. “Apprentice” means an individual at least sixteen years of age, except if a higher minimum age is required by law, who is employed in an apprenticeable occupation, a resident of the state, and registered in the state with the United States department of labor, office of apprenticeship.

HB 1484: Challenge Grant Matching Program

- **Restore** funding to at least the inaugural year of the program, which was $10 million each, respectively, for NDSU and UND and $1 million each for the other nine institutions. The NDSCS Foundation supports the inaugural program, with efforts to increase more options to support programs and continue supporting scholarships.

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CAREER WORKFORCE ACADEMY

Secondary • Early Entry • Post-Secondary • Incumbent Worker

Career Workforce Academy Vision Statement

The Career Workforce Academy will build the awareness of multiple career clusters and the skills necessary to be career ready through experiential education, classroom training, student connection to business and industry, and career path counseling. It will present real-time opportunities and real-life experiences by responding and adapting quickly to industry demands and student interest. Success will depend on engaged student interest and on the collaboration of all stakeholders.

Top 5 Reasons for an Academy

1. Expanding learning opportunities for students.
2. A collaborative approach enhancing everyone's effectiveness and efficiencies.
3. A workforce development solution.
4. Career exploration and skill development.
5. A proven model that makes a difference.

"By exploring all career opportunities early, our youth and their parents can make educated choices that are focused, exciting, and monetarily rewarding. It is well worth the effort!"

- Don Shilling, Chairman, General Equipment & Supplies, Inc.
Executive Committee Member, ND Workforce Development Council

For more information about the Career Workforce Academy, visit NDSCS.edu/CareerAcademy

21ST CENTURY TACTICAL WORKFORCE PLAN

EMPOWER PEOPLE | IMPROVE LIVES | INSPIRE SUCCESS



BISMARCK STATE COLLEGE
DAKOTA COLLEGE AT BOTTINEAU
LAKE REGION STATE COLLEGE
NORTH DAKOTA STATE COLLEGE OF SCIENCE
WILLISTON STATE COLLEGE

North Dakota's CTEC colleges are working collaboratively and in tandem, strategically and tactically, to meet growing regional and state-wide workforce training demands. The colleges propose to improve credit and non-credit offerings and to add new offerings to meet industry needs. The cooperation by CTEC colleges is evidenced by a commitment to share resources, a focus on improved course delivery and programmatic cross-linking to adequately prepare the North Dakota workforce, and the acknowledgement that mutual benefit will result from the proposed changes.

The five two-year colleges met in March 2018 to begin the collaborative process of creating a strategic, cross-cutting, innovative workforce tactical plan aimed at enhancing campus delivery system(s) to bolster North Dakota's 21st century workforce. The plan will represent a review of the effectiveness of current campus workforce programs and identify solutions to enhance workforce training delivery to grow North Dakota. The CTEC presents this document to help guide the decision-making process related to workforce training, and to demonstrate the CTEC's acknowledged role and responsibility in moving the state's workforce initiatives forward.

The College Technical Education Council recommends an annual investment of $4,750,000.00 for funding pool that addresses statewide workforce challenges. An example of challenges present include allied health programs in rural North Dakota.

The funding pool will be leveraged by CTEC where appropriate with private sector investment to expand apprenticeship programs, delivery of workforce training and creation of innovative workforce partnership programs.

For more information about the 21st Century Tactical Workforce Plan, visit NDSCS.edu/CenturyTacticalPlan

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North Dakota Workforce Development Council Summary Report

October 24, 2018

Since November of 2017, the Council has worked to deeply understand North Dakota's workforce challenges, including but not limited to, commissioning regional economic impact and labor availability studies, partnering with the Greater North Dakota Chamber of Commerce to conduct the first-ever employer survey, and interviewing dozens of stakeholders across the entire state for the purpose of proposing a workforce plan that identifies priorities based on a data-driven understanding of North Dakota's workforce challenges, maximizes state and federal resources, and aligns the educational system with industry needs to drive and create actionable solutions.

This summary included recommendations pertaining to five themes that emerged profoundly through the Council's work:

1 Technical Skills Gap

2 Need for Youth Engagement and Earlier and More Diverse Career Exploration

3 Nursing and Healthcare Technician Shortage

4 Support for Populations with Barriers to Employment

5 Need for Net In-Migration of North Dakotans

WHY WE NEED TO CHANGE THE PERCEPTION OF TECHNICAL EDUCATION AS A CAREER PATHWAY

"We need to educate the people within our state on the fact that the majority of good, solid careers in this state require a two-year technical degree or less. A pathway pursuing a technical education will help ensure their future success within one of these careers."

- Perry Lubbers, Vice President of Manufacturing Operations, Trail King Industries
Executive Committee Member, ND Workforce Development Council

"As Chair of the ND Governor's Workforce Development Council, I am proud of the energy and passion that all the members have brought to the table for tackling the workforce challenges of North Dakota. The members' depth of experience, diverse points of view, and willingness to collaborate have been critical in allowing the Council to identify and prioritize the greatest workforce needs and to develop strong recommendations for helping to address those needs going forward."

- David E. Farnsworth, Manager of ND Power Generation & Engineering Services, Great River Energy
Chairman and Executive Committee Member, ND Workforce Development Council

For more information about the North Dakota Workforce Development Council Summary Report, visit NDSCS.edu/CouncilReport

NDSCS™

WAHPETON | FARGO | ONLINE

NDSCS.EDU

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The North Dakota State College of Science is accredited by The Higher Learning Commission, 230 South LaSalle Street, Suite 7-500, Chicago, IL 60604, 800-621-7440.

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Mayville State University

2019 BEST COLLEGES IN THE MIDWEST - U.S. NEWS & WORLD REPORT

2018 BEST ONLINE BACHELOR'S PROGRAMS - U.S. NEWS & WORLD REPORT

#6 MOST AFFORDABLE ONLINE BACHELOR'S IN EARLY CHILDHOOD EDUCATION DEGREES - COLLEGE CHOICE

#6 MOST AFFORDABLE ONLINE MATH EDUCATION DEGREES - COLLEGE CHOICE

#7 IN BACHELOR'S DEGREE IN NURSING ONLINE - ONLINEDEGREES.COM

#113 OF 500 IN LIMITING THE AMOUNT OF STUDENT LOAN DEBT TAKEN - LEND EDU



66TH LEGISLATIVE ASSEMBLY

SENATE APPROPRIATIONS COMMITTEE HEARING

TUESDAY, MARCH 19TH, 2019

DR. BRIAN VAN HORN, PRESIDENT &

MS. JAMI HOVET, VICE PRESIDENT FOR BUSINESS AFFAIRS

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#1 p 1 B.

Mission

Mayville State University is dedicated to excellence in teaching, service, and scholarship in dynamic, inclusive and supportive learning environments that are individually focused. We offer quality undergraduate and master's programs enriched with practical experiences to prepare all learners for a global economy.

Approved by the State Board of Higher Education November, 2016

Purposes

- To provide academic programs and services that address contemporary career and workforce opportunities.
- To maintain collaborative relationships with schools, employers, and communities which contribute to the economic growth and social vitality of North Dakota.
- To deliver flexible programs, instruction, and student services to meet the needs of the individual.
- To cultivate an environment that supports creativity, intellectual curiosity, lifelong learning, service, and an appreciation of diversity.

Core Values: Our Dedication to Personal Service

Mayville State University, since its beginning in 1889, has embraced the philosophy of personal service, the foundation of our core values. These values guide how we perform our work and conduct ourselves every day with all of our stakeholders.

- We act with integrity in all we do.
- We are student-focused.
- We are committed to teaching and learning excellence.
- We promote and value an open and diverse community.
- We integrate leadership in all we do.

Strategic Goals

- Increase the number of students who make timely academic progression and attain degree completion.
- Focus on strengthening the quality of instruction across all modes of course delivery.
- Provide faculty with the tools and resources for success to create a culture that supports quality instruction.
- Strategically increase options for course offerings in programs.
- Support and reward innovation that results in new relationships, research, academic programs, enrollments, and learning experiences.
- Foster commitment to personal service across campus.

CONTENT

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p 1 B

I love the small classroom feel and comfort. The transition from high school to college was more manageable on this scale. I'm a biology major, and I play baseball. I've found an unbreakable team bond and lifelong friends here.

-Brady Nygard



The small classes mean you develop better relationships with your program people. It doesn't matter where you came from. When you're at Mayville, you belong here.

-Ashlee Nelson



I chose MSU because of its rich history in education. MSU creates great teachers, plain and simple. My teachers support my dreams, they can see what goes on in my education, and they take an active role in my success.

-Erin Rector



Mayville is special because I will feel fulfilled when I graduate and leave campus for the last time.

-Stephany Wold



77+ majors, minors, and pre-professional programs

BIOLOGY
- Biology B.S.
- Biology/Biology Education Minor
- Composite in Biology Education B.S.Ed.
- Medical Laboratory Science B.S.

BUSINESS
- Business Administration B.S.
- Business Administration B.A.S.
- Business Management A.A.
- Accounting Minor
- Business Administration Minor

CHEMISTRY
- Chemistry B.S.
- Chemistry/Chemistry Education Minor
- Composite in Chemistry Education B.S.Ed.

COMMUNICATION
- Communication B.A.
- Communication Minor

EARLY CHILDHOOD
- Early Childhood A.A.
- Early Childhood B.A.
- Early Childhood Education B.S.Ed.
- Early Childhood Education Minor

EDUCATION
- Elementary Education B.S.Ed.
- Kindergarten Endorsement
- Major Equivalency Endorsement for Middle Level Teachers Grades Five Through Eight
- Middle School Endorsement
- Secondary Professional Education
- Special Education B.S.Ed.
- Special Needs Minor

ENGLISH
- English B.A.
- English Education B.S.Ed.
- English/English Education Minor

GEOGRAPHY
- Geography Education Minor

GRADUATE STUDIES
- Master of Arts in Teaching M.A.T.
- Graduate Certificate in Online Digital Teaching

HEALTH, PHYSICAL EDUCATION AND RECREATION
- Coaching Minor
- Developmental Adapted Physical Education (DAPE) Minor

HPER cont'd.
- Emergency Response Certificate of Completion
- Fitness and Wellness B.S.
- Fitness and Wellness Minor
- Health B.S.
- Health Education B.S.Ed.
- Health/Health Education Minor
- Physical Education B.S.Ed.
- Physical Education Minor
- Sport Management B.S.
- Sport Management Minor

HISTORY
- History Education B.S.Ed.
- History/History Education Minor

HUMANITIES
- University Studies
- Music Education Minor
- Theatre

LIBRARY MEDIA AND INFORMATION SCIENCE
- Library Media and Information Science Minor

MATHEMATICS
- Mathematics B.S.
- Mathematics Education B.S.Ed.
- Mathematics/Mathematics Education Minor

NURSING
- Nursing (RN-to-BSN) B.S.N.

PRE-PROFESSIONAL PROGRAMS

PSYCHOLOGY
- Applied Psychology B.A.
- Psychology Minor
- Psychology Education Minor

SCIENCE
- General Science Minor
- Physical Science Minor
- Science for the Elementary Teacher Minor

SOCIAL SCIENCE
- Composite in Social Science Education B.S.Ed.
- Economics
- Political Science
- Social Science/Social Science Education Minor
- Social Science B.A.
- Sociology Minor

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P2

Progress and Efforts to Serve North Dakota

63% of fall 2018 students are North Dakota residents.

365 degree-seekers are completing their programs through online/distance delivery.

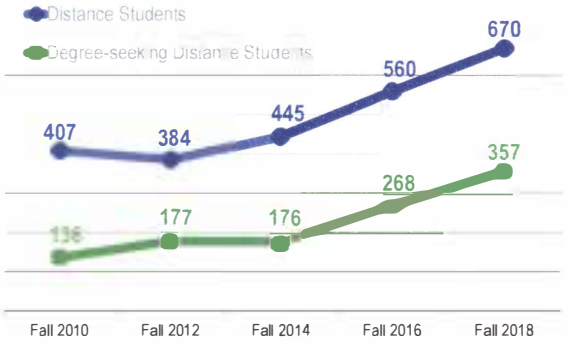
72% of our graduates find employment in the state and contribute socially and economically to North Dakota's way of life.

STUDENT OUTCOMES

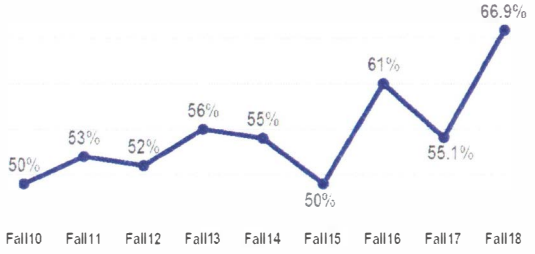
All-time enrollment record for 7th year!

	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016	Fall 2017	Fall 2018	% Increase since 2010
Headcount	1020	1065	1081	1110	1130	1140	1184	16%
Full-Time	614	587	635	638	613	602	613	9%
FTE	761.2	748	798	795	781	784	817	11.5%
Freshmen	156	134	174	137	138	131	139	3.7%
Transfer Students	123	98	105	133	138	180	151	91.5%
Distance Degree Seekers	177	201	176	236	268	317	365	133%

Online and Distance Degree programs



Retention rates reach record high



Fall 2018 North Dakota Students



Completers

42.3% of students who start at Mayville State complete their degrees at Mayville State.

14.3% of students transferred out from Mayville State and graduated from another instituion.

Composite of first-time, full-time, transfer, and part-time students completing a degree within 150% of "normal time" for completing the program in which they are enrolled.

Graduation Success Rates

97.8% MSU graduates employed or continuing their education.

97.3% Teacher Education grads employed or continuing their education.

98.7% Non-teaching grads employed or continuing their education.

71.2% Teacher Education grads employed in North Dakota or continuing education.

75.2% Non-teaching grads grads employed in North Dakota or continuing education.

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New Innovative Initiatives to Address Critical Workforce Needs

#1 p3



Nursing shortage

Bachelor of Science in Nursing (BSN)

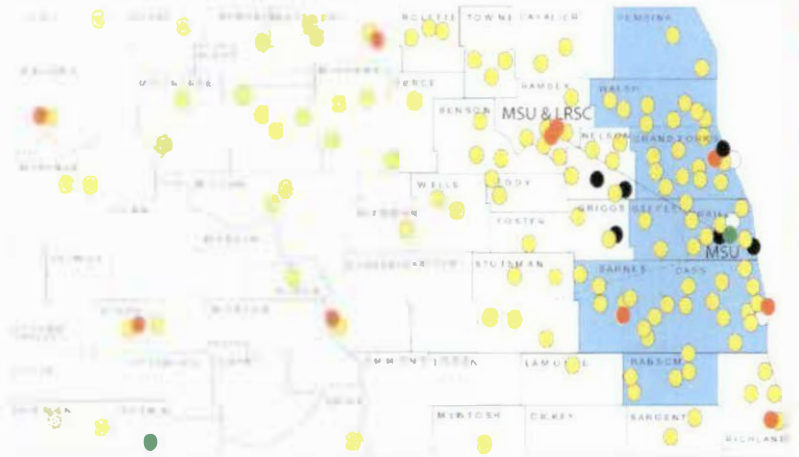
- Online accelerated program
- Courses are offered in 5-week blocks
- Serves full-time nurses who work
- Complete program in 12 months

Partnership with the Dakota Nursing Program (LRSC, DCB, WSC, BSC) and NDSCS to prepare nurses for rural communities. The medical laboratory science degree is carried out in collaboration with UND School of Medicine.

Collaborate with six medical facilities for the RN-to-BSN Nursing Program.

Shared Services • Collaborative Programs • Efficiencies

NORTH DAKOTA WORKFORCE DEVELOPMENT EFFORTS



Collaboration with NDUS Institutions to deliver BS Business Administration and BSEd Elementary Education to LRSC, DCB, CCCC, NDSCS, and WSC.

Distance Degrees Distance, IVN, and online offered throughout the nation and worldwide.

ND Area Health Education Centers
East AHEC located in Mayville. West AHEC located in Hettinger.

Child Development Programs with seven locations across the eastern half of the state.



Heart of the Valley ITV Consortium
22 high schools from eight counties: Traill, Steele, Barnes, Cass, Ransom, Grand Forks, Walsh, and Pembina.

Red River Valley Ed. Cooperative
21 high schools from five counties: Traill, Steele, Walsh, Grand Forks, and Pembina.

Shared Services across NDUS

CTS: Blackboard/Moodle learning management system, IPEDS support, loan processing, system email services, Microsoft campus agreement, digitizing academic records, Smart Catalog.

NDSU: Research support, EPSCoR ND research, Institutional Review Board (IRB), Institutional Animal Care and Usage Committee (IACUC).

UND: Payroll & benefits, telephone system, coal purchases, NIH INBRE, NASA EPSCoR research.

Nearly 800 graduates teach in ND



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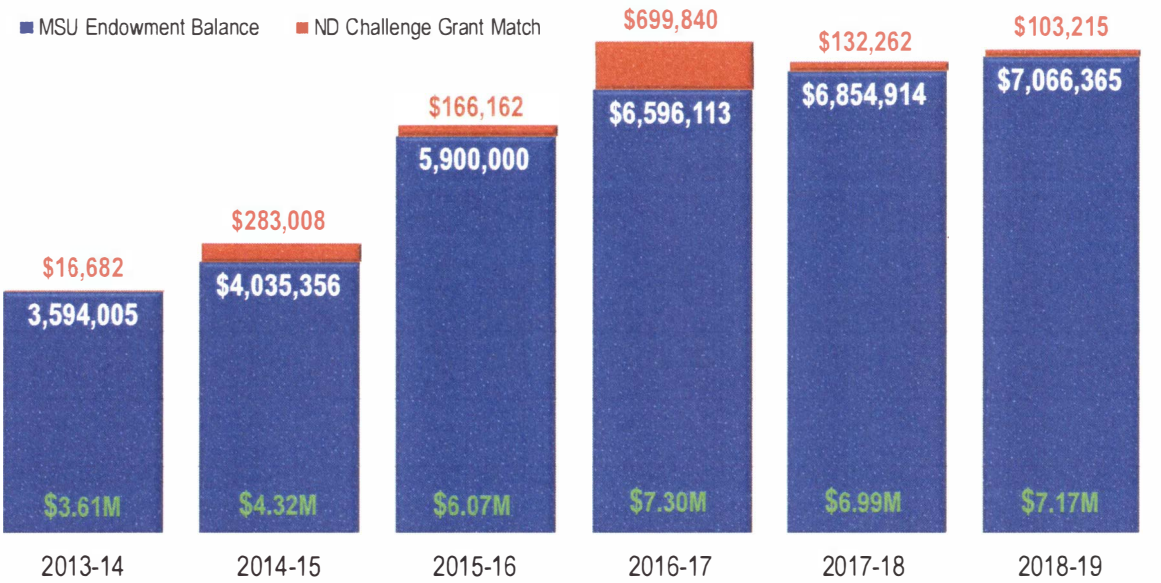
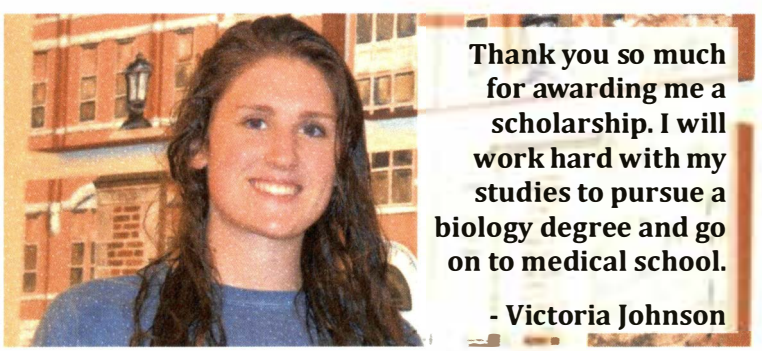
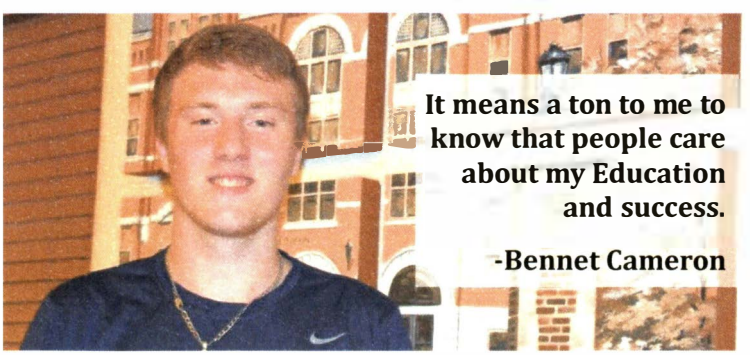
MAYVILLE STATE FOUNDATION
Investing in futures

98.6% Increase in Endowment Balance over past six years



Impact of Challenge Grant Funds





The Challenge Grant has been a great way for Mayville State University to build public/ private partnerships that benefit students of North Dakota and ensure affordability of quality higher education for our citizens through scholarships.

Funding from the North Dakota Higher Education Challenge Grant has had an amazing positive impact for Mayville State students with scholarships to help reduce their costs in reaching their degree goal.

Over one-third of our students receive scholarship funding. Our donors appreciate the opportunity to spread their gift further with matching funds.

We ask the North Dakota Legislature to consider funding a new round of Challenge Grant funding at a higher rate than the past, if possible.

FINANCIAL RESPONSIBILITY

27.4%

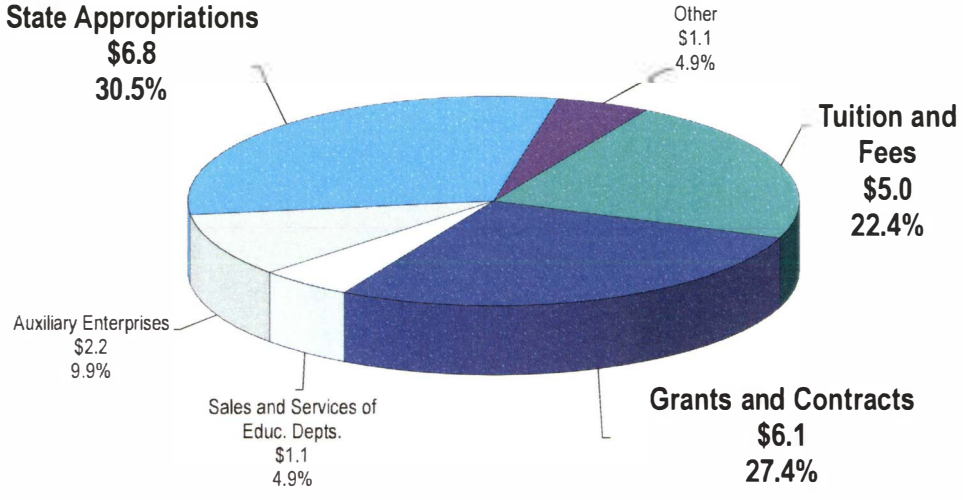
of MSU's revenue comes from Grants/Contracts, the highest percentage of grant funding across all NDUS institutions. MSU tops the national average of 13.3%*.

* U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS).

Appropriated Reserves



Mayville State University
Total Revenue, Excluding Capital
Fiscal Year 2018
($ in millions)
Total Revenue $22.3 million



Source Audited NDUS Financial Statements, June 30, 2018

ECONOMIC IMPACT

Mayville State University and its students have a significant economic impact on Mayville-Portland, Traill County, and the State of North Dakota. The statistics below summarize expenditures and related economic and jobs impact as reported in the recent NDUS report entitled Economic Impact of the North Dakota University System in 2017.

- Total economic contribution was estimated at $69 million in FY2017.
- Direct impacts of student spending in Mayville area were $8.1 million in FY2017. The total economic contribution was $20 million.

141.9%
increase in total economic contribution from 1999 to 2017.

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Affordability = Adult Success

$6,667 + $ 5,285 + $ 1,500 = $ 13,452

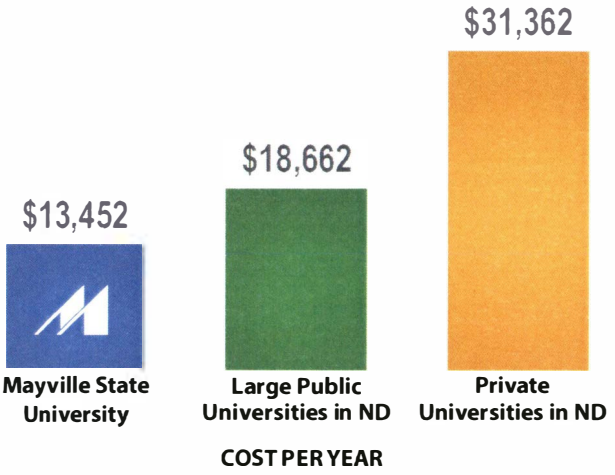
Tuition/Fees | Room/Board (avg.) | Books (est.) | Cost

WHAT SETS US APART

$5,170 x **4** = **$20,680**
LESS PER YEAR* | YEARS* | LESS FOR A DEGREE

$17,910 x **4** = **$71,640**
LESS PER YEAR* | YEARS* | LESS FOR A DEGREE

*These figures are based on the NDUS fee estimator or university web sites with selection of a double-room and basic, comparable meal plan. The dollar amounts less per year are based on the average of cost of attendance from multiple schools before scholarships and other financial awards.



#35 - The 100 most affordable small colleges in America
-Best Value Schools

#42 - The 100 most affordable online colleges
-College Choice

Title III Funding - one of 10 in USA!

U.S. Department of Education has awarded Mayville State University a $2,249,009 Strengthening Institutions Program (SIP) grant. The grant will be distributed over five years and was available as of October 1, 2018. The purpose of the program is to help institutions of higher education to become self-sufficient and expand their capacity to serve students by providing funds to improve and strengthen academic quality, institutional management, as well as to increase graduation and retention rates and fiscal stability of eligible institutions.

Mayville State's grant-funded Department of Education Title III project has been broken down into three key activities.

ACTIVITY 1
Establish a system of faculty support for improving pedagogical practices for teaching underprepared students and students with diverse needs.

ACTIVITY 2
Centralize data collection, management, and reporting to become an integral and systematic function of the institution across divisions and departments for systematic planning.

ACTIVITY 3
Establish a cohesive advising and student success model that coincides with academics, student life, and student supports.

MAYVILLE STATE UNIVERSITY LEGISLATIVE COUNCIL REPORTING

2019-21 Appropriation Funding Request

Comparison of General & Special Funds Budget Request to House Recommendation

GENERAL FUND

	2019-21 "Needs Based" Budget Request	Executive Recommendation	House Recommendation	Variance from Needs Based Budget
Campus Operations	14,524,784	$ 14,524,784	$ 14,524,784	$ -
One-time & Carryover Funds	(275,179)	(275,179)	(275,179)	-
General Fund Base Appropriation(HB1003)	**$ 14,249,605**	**$ 14,249,605**	**$ 14,249,605**	**$ -**
Salary Increase & Health Insurance	553,183	793,677	628,901	75,718
Funding Formula	1,443,652	658,990	1,443,652	-
Total Adjustments	**$ 1,996,835**	**$ 1,452,667**	**$ 2,072,553**	**$ 75,718**
Total General Fund Authority	**$ 16,246,440**	**$ 15,702,272**	**$ 16,322,158**	**$ 75,718**

SPECIAL FUNDS

	2019-21 "Needs Based" Budget Request	Executive Recommendation	House Recommendation	Variance from Needs Based Budget
Campus Operations	$ 31,031,509	$ 31,031,509	$ 31,031,509	$ -
One-time & Carryover Funds	(724,361)	(724,361)	(724,361)	-
Special Funds Base Budget (HB1003)	**$ 30,307,148**	**$ 30,307,148**	**$ 30,307,148**	**$ -**
Salary Increase & Health Insurance	833,008	1,272,264	722,223	(110,785)
Special assessments	67,648	67,648	-	-
Total Adjustments	**$ 900,656**	**$ 1,339,912**	**$ 722,223**	**$ (110,785)**
Total Special Fund Authority	**$ 31,207,804**	**$ 31,647,060**	**$ 31,029,371**	**$ (110,785)**
Total All Funds	**$ 47,454,244**	**$ 47,349,332**	**$ 47,351,529**	**$ (35,067)**

OPTIONAL REQUESTS

	2019-21 "Needs Based" Budget Request	Executive Recommendation	House Recommendation	Variance from Needs Based Budget
SB2003 Task Force-College & Career Development Coordinator	121,500	-	-	(121,500)
Deferred Maintenance/Life Safety	400,000	-	-	(400,000)
Academic, Technology, Infrastructure Campus Needs (one-time)	1,000,000	-	-	(1,000,000)
	$ 1,400,000	**$ -**	**$ -**	**$ (1,400,000)**

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I learned a lot about chemistry and biology by participating in a research project. It was interesting to work on an alternative way to help people who have diabetes. Having this background will help me as I continue to study medicine. For Mayville State, it shows we're doing our part in research and the advancement of science. We're a little school, but doing big things.

-Creighton Pfau

Mayville State Accolades and Rankings

- 2019 Best Colleges in the Midwest - U.S. News & World Report
- 2017-2018 Champions of Character Five-Star Institution - NAIA
- 2018 Best Online Bachelor's Programs - U.S. News & World Report
- 2018 #6 Most Affordable Online Bachelor's in Early Childhood Education Degrees - College Choice
- 2018 #6 Most Affordable Online Math Education Degrees - College Choice
- 2018 #7 Best Schools to earn an Online Bachelor's Degree in Nursing - OnlineDegrees.com
- 2018 #113 of 500 of U.S. colleges and universities limiting the amount of student loan debt taken on by the parents of students - Lend.edu
- 2018 #124 Colleges with the Lowest Student Loan Debt - Parents Report
- 2018 Top Baccalaureate Colleges - The Washington Monthly
- 2019 Best Regional Colleges and Best 384 Colleges - The Princeton Review
- 2018 #1 Best Online Math Education Degrees - College Choice
- 2017 Best Online Bachelor's in Education - BestColleges.com
- 2017 Best Online Colleges in North Dakota - College Choice
- 2017 Top Public Schools - Regional Colleges - Midwest for 2018 - U.S. News & World Report
- 2017 #18 Top Online Bachelor's in Early Childhood Education - TheBestColleges.org
- 2017-2018 Best Colleges in North Dakota - College Consensus
- 2018 Most Affordable Online Colleges for Associate Management - SR Education Group
- 2017 The 10 Most Valuable Online Colleges 2017 - The Knowledge Review Magazine

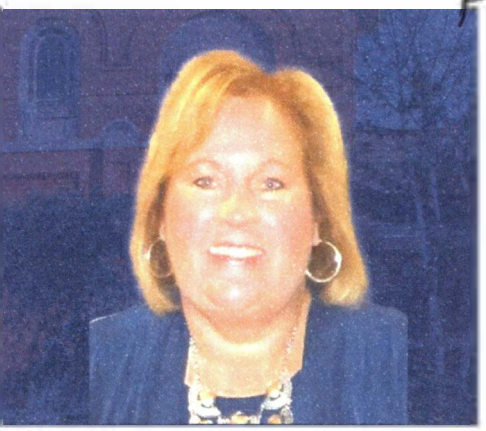
I feel like small class sizes have allowed me to have strong personal relationships with both professors and my classmates. This has led to oportunities and the attention that I need to feel prepared to go into the workplace. On a larger campus I feel that I would get lost in the mix and not have the close connections I've developed with faculty and staff at Mayville State.

-Kaitlyn Kuntz



I was able to continue working full time at Altru Health while I attended school and I appreciated the fact that the majority of the nursing courses were in five-week blocks. It never felt like it was an online program, as the instructors always made sure they were available for assistance. I am extremely grateful for the guidance that was provided every time I hit a road block with an assignment. Faculty were understanding when unexpected life challenges came my way.

-Lynette Huot



- 2018 Hidden Gems. Factors including the number of applications received, graduation rates, campus diversity, endowment per student, selectivity, and other markers were taken into consideration - College Raptor
- 2017 Most Affordable Online Bachelor's in Education Degree Programs - Early-Childhood-Education-Degrees.com
- 2017 One of the top 25 online military-friendly universities in the nation - OnlineCourtReport.com
- 2018 Best Regional College - The Princeton Review
- 2017 Third Top Hybrid/Online Teaching Programs - TeacherCertificateDegrees.com
- 2017 #8 B.S.Ed. in Early Childhood Education program for affordable early childhood education bachelor's degrees online - AffordableColleges.com
- 2017 Best Online Bachelor's in Math Education Programs for 2017 - Best Colleges
- 2017 Best Online Bachelor's in Special Education - College Choice
- 2017 Top Public Schools – Regional Colleges – Midwest - U.S. News & World Report
- 2016 Most Affordable Online Colleges - Center for Online Education
- 2016 Among the Most Affordable Online Bachelor's Degrees in Elementary Education - BestColleges.com
- 2015-2016 Champions of Character Five-Star Institution - NAIA
- 2016 One of the Best Regional Colleges - The Princeton Review
- 2015-2016 Undergraduate online programs where out-of-state students had the lowest total cost - U.S. News &World Report
- 2016 #10 Most Affordable Online Colleges for Bachelor's Degrees - College Choice
- 2015 Best Colleges for Veterans - U.S. News & World Report
- 2015 Best Online Bachelor's in Early Childhood Education - BestColleges.com



Mayville State is 'The School of Personal Service,' and I wanted to entrust my education to a place that would also invest in me and help me grow as an individual and future educator. Mayville State University has given me so much. I feel I am well-prepared to become an elementary educator. I have had many chances to participate in field classroom observations; and interact and teach in different settings, schools, and classrooms. All of these experiences have helped prepare me for student teaching. Mayville State University has given me encouraging mentors, lifelong friendships, and endless memories. I am incredibly thankful for my experiences at Mayville State.

-Miranda Petersen

Mayville State University

YOUR FUTURE IS CLOSER THAN YOU THINK.



MayvilleState.edu

800.437.4104
330 Third Street NE
Mayville, ND 58257

#1 HB1003 NDUS Office 3-19-19

NORTH DAKOTA
UNIVERSITY SYSTEM

ACCESS. INNOVATION. EXCELLENCE.

SENATE APPROPRIATIONS COMMITTEE
HOUSE BILL 1003

NDUS SYSTEM OFFICE OVERVIEW
MARCH 19, 2019

Tammy Dolan
701-328-4116; Tammy.dolan@ndus.edu

#1 HB 1003 NDUS office
3-19-2019
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2019-21 Budget Request to House Recommendation

General Fund Ongoing Budget – System Office

2

Appropriation Line	2017-19 Base Budget	Base Budget Adjustments	House 2%/2% & Health Compensation Package	2019-21 House Recommendation	2019-21 Needs Based Budget	Variance from Needs Based Budget Request
System Governance	$ 7,486,143	$ 230,000	$ 265,599	$ 7,981,742	$ 7,790,171	$ 191,571
Capital bond payments	6,605,326	(1,645,878)		4,959,448	4,959,448	
Veterans Assistance Programs	277,875			277,875	277,875	
Student Mental Health	284,400			284,400	284,400	
Core Technology Services	37,964,115		725,229	38,689,344	38,779,483	(90,139)
Student Financial Assistance Grants	21,917,306	2,000,000		23,917,306	21,917,306	2,000,000
ND Scholars Program	1,807,115			1,807,115	1,807,115	
Native American Scholarship	555,323			555,323	555,323	
Education Incentive Programs	2,863,393	(2,103,393)		760,000	2,863,393	(2,103,393)
Tribal Community College Grants	100,000	400,000		500,000	100,000	400,000
Academic and Tech Ed. Scholarship	12,016,749			12,016,749	12,016,749	
Student Exchange Program	3,234,035	465,307		3,699,342	3,234,035	465,307
Competitive Research Program	6,027,750			6,027,750	6,027,750	
Shared Campus Services	500,000			500,000	500,000	
Total	**$101,639,530**	**($ 653,964)**	**$ 990,828**	**$ 101,976,394**	**$ 101,113,048**	**$ 863,346**

NORTH DAKOTA UNIVERSITY SYSTEM

#1 HB 1003
NDUS office
3-19-19
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2019-21 House Budget to Request – Optional Adjustments

3

NDUS Optional Requests				Executive Recommendation	Engrossed HB 1003 - House Version	
	Description	Request Amount		Amount	Amount	
		Ongoing	One-Time	Ongoing	Ongoing	One-Time
Sustain Existing Service Levels						
Replace Student Loan Trust Fund (SLTF) Dollars for:						
Connect ND	Since 1993, partially funded six FTE to maintain Campus Solutions. (ongoing) A $0.30 Connect ND fee increase ($5.50 to $5.80 per credit / 12 credit cap) will cover lost SLTF dollars.	$539,437		$539,437		
Professional Student Exchange Program (PSEP)	Fewer ND students placed into veterinary, dentistry and optometry programs (ongoing)	$465,307		$465,307	$ 465,307	
Tribal College Grants for Non-Native Students attending Tribal Colleges	SLTF funds comprise 83% of $600,000 budget (ongoing). Governor enhanced funding by $400,000 as part of workforce initiative.	$500,000		$900,000	$ 400,000	
Academic & CTE Scholarship	Increased scholarship awards require $2.9M additional funds (ongoing)	$2,939,803		$ 2,939,803		

NORTH DAKOTA UNIVERSITY SYSTEM

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2019-21 House Budget to Request – Optional Adjustments

4

NDUS Optional Requests				Executive Recommendation		Engrossed HB 1003 - House Version	
	Description	Request Amount		Amount		Amount	
		Ongoing	One-Time	Ongoing	One-Time	Ongoing	One-Time
System Governance							
Transfer Teacher Shortage Loan Forgiveness (TSLF) Program to DPI	2017 Legislative Assembly transferred TSLF program administration to DPI. Requires statutory update.	$(2,103,393)		$(2,103,393)		$(2,103,393)	
Director of Academic Programs Restoration	Reinstate 1.00 FTE responsible for implementing NDUS academic policies, procedures and initiatives, including academic program approval and statewide research initiatives. Eliminated in 2015 due to budget reductions.	$220,000					
Director of Workforce & Research Development	1.00 FTE new position to coordinate research between research universities (EPSCoR), facilitate emerging technology & other research, facilitate integration & adaption of systemwide workforce programs.	$220,000					
Restore MHEC Membership	Permanently restore membership in Midwestern Higher Education Compact. Reinstate statutory language repealed in 2017.	$230,000				$230,000	
Eliminate Campus Assessment for Internal Audit & Compliance	Fund compliance office and portion of internal audit department expenses and eliminate campus assessment	$300,000					
Financial Aid System Replacement	Update outdated, cumbersome systems to administer Scholars, ND Indian Scholarship, PSEP, STEM loan forgiveness programs (one-time)		$600,000				

NORTH DAKOTA UNIVERSITY SYSTEM

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SENATE APPROPRIATIONS COMMITTEE HEARINGS

HB 1003



[LAKE REGION STATE COLLEGE]
[MARCH 19, 2019]

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SENATE APPROPRIATIONS COMMITTEE HEARINGS HB 1003

LAKE REGION STATE COLLEGE
MARCH 19, 2019

Good morning, I am Dr. Doug Darling, President of Lake Region State College

THE COLLEGE

Lake Region State College has a mission to enhance lives and community vitality through quality education. It is a mission we tackle every day. Always looking to tomorrow's opportunities, LRSC embraces its past and creates tomorrow's workforce.

Helping students reach their educational goals is what Lake Region State College in Devils Lake does best. This last year we were recognized for it. Lake Region State College was ranked #20 in a report of 762 two-year colleges published by the *Chronicle of Higher Education* in its *2018 Almanac of Higher Education.* Institutions were ranked according to the number of first-time, full-time students who entered in a cohort who started in the fall of 2013 and completed either a degree or certificate within a three-year time period. According to the 2018 Almanac report, the average completion rate for two-year colleges nationwide is 23 percent. LRSC boasts double that with 47 percent of students completing their programs with degrees or certificates within three years of enrollment.

Thanks to state appropriations and private dollars, Lake Region State College has a state-of-the-art center for nursing, electronics, and automotive technology education. Our wind turbine continues to be a winning combination, providing power and serving as a live learning lab for students.

Since the last session, our capital project to update the electrical system, switch gear, and courtyard walls and windows was completed within budget and has been working well. We can sleep at night not worrying about the electrical system crashing. The project was vital to the safety, security, and well-being of our campus family. Thank you for making the project a reality.

For those who don't know, Lake Region State College has a large footprint for the small campus we appear to be. Our fall enrollment was 2,072, a record for the college. We broke enrollment records on total headcount and full-time equivalent. LRSC provides great value for each appropriated dollar and makes great use of space. We serve students keeping the core mission of community colleges – access to all – always top of mind.

Because of the community college mission, we provide access to education on our campus; online; for military personnel at Grand Forks Air Force Base; for future police officers with academies throughout North Dakota; through nursing programs in Devils Lake, Grand Forks, and Mayville; through dual credit in more than fifty high schools; and for those who pursue a university education but aren't quite ready to take that leap with the LAUNCH! Program at UND.

We do all of this with a budget of just under 13 million in state appropriations each biennium. Lake Region State College already runs a tight ship, which makes additional cuts extremely hard to make. Unlike other states, where optimal community college funding is 75-percent state and 25-percent tuition, we are almost the opposite.

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Smaller campuses like Lake Region State College are making a large impact on area and state employers. We can create opportunities for stackable credits through certificate programs and stackable credentials. One of the places LRSC can grow is through educational opportunities like those recommended in the College Technical Education Council's *Tactical Workforce Plan* completed the summer of 2018. Opportunities in cyber security, nursing, competency-based programming, expansion of certificates, and apprenticeships are all within our grasp with the right plans and appropriations in place.

Growth in precision agriculture has spurred additional activity at Lake Region State College. Students began enrolling in the Precision Ag program in 2013. The college offers an Associate in Applied Science in Precision Agriculture. Today, the program is nearly full with continued interest. The program was invited to showcase at the National FFA Convention in 2018 with the Cenex Harvest States Foundation. A recent graduate was a National Star Farmer Finalist. The Precision Ag Institute ranked the LRSC Precision Ag program #10 in its Top 20 list in September 2018, citing the mix of hands-on and high tech programming.

"The all-inclusive ag program focuses on today's technology to provide students awareness and experience preparing them for the demanding agriculture field. LRSC provides this in a hands-on, field experience type atmosphere using the college's own precision ag equipment, forty acres of farmland, and industry access."

At the time the degree started, the college did not have adequate facilities to house the needs of the program, especially when it came to shop and lab access. The college refurbished a former implement dealership and pays an annual lease of nearly $60,000 per year. Students help to offset that cost with program fees. However, the program is outgrowing the space, it is located off campus, and lease rates continue to rise. The building also is in dire need of additional renovation to address parking, pests, and more.

There are exciting things going on, and it can all expand with a small investment. For $3 million, LRSC can bring the Precision Ag program onto its campus. A building at that cost will meet the laboratory and shop needs for the program, create opportunity for growth, and link the college program with the campus. Although ranked 22nd on the SBHE capital project requests list, the college and its Precision Ag program hope the state recognizes the need for such a building, not only for the college and its students, but for the agricultural industry in northeast North Dakota, as well.

Since 2015, Lake Region State College has increased its footprint in delivering education to the northeast part of North Dakota, and statewide with high-demand programs. The demand for nurses continues throughout healthcare facilities in North Dakota. Lake Region State College was invited by area healthcare facilities to bring nursing education to the Grand Forks area. With State Board of Nursing approval, a practical nurse cohort began studies in August 2014. Lake Region State College also continues to partner with Mayville State University to deliver nursing education in Mayville. Students can earn practical nurse and associate degree nurse degrees from LRSC in Grand Forks and Mayville and continue their nursing education through the Bachelor of Science in Nursing at Mayville State University.

LRSC has the only Paramedic-to-Nurse bridge program in North Dakota. Upon successful completion of the Paramedic-to-Nurse bridge program, students can obtain a practical nurse degree and are eligible to test for practical nurse licensure.

Each fall and spring since 1987, Lake Region State College has offered its Peace Officer Training program in Devils Lake. Summer academies were launched in Fargo in 2002 and Grand Forks in 2009. A spring semester academy was launched in Minot in 2012. Since then, the Devils Lake-based academy has been offered only in the fall. These outreach sites are the results of partnerships with numerous law enforcement agencies and local governments to meet the need for peace officers. With these academies, around 100 new licensable peace officers enter the workforce each year.

Lake Region State College continues increase student retention with targeted services. One way we've served at-risk students is through the TRiO program. This program, funded through a TRiO Student Support Services grant, has been in place for over a decade and has been a successful tool to reach a large number of students (219 are currently being served) who may be at risk because:

- they are the first generation in their family to attend college,
- they are older students, or
- they are of lower income status.

Lake Region State College took the opportunity to match donations through the Higher Ed Challenge Grant. Our Community College Foundation staff and board worked efficiently to increase endowment funds and other gifts eligible for the criteria of the fund. I'm proud to say that LRSC has submitted applications for a total of $417,253.74. Of that, $203,740.71 has been matched. An application for match for the remaining $213,513.03 will be presented to the Higher Ed Challenge Grant Committee at its January 24 meeting. These funds will help ensure student success and support vital program needs.

The college has had a great year, and we continue to seek resources in the private sector which will benefit our students and community into the future. Private sources such as the Bush Foundation are providing key educational resources to add apprenticeships in the Information Technology program. Apprenticeship programs also are in place with students in our Simulation Technology program with partners like CAE.

We have been able to build some positive relationships with community leaders, businesses and economic development organizations, the school systems in our service area, our local and regional legislators, and we have strengthened relationships with North Dakota University System colleges and universities. We work closely with regional economic developers when new businesses are being recruited to locate in the area and directly with established businesses looking to expand.

Lake Region State College already works closely with the Lake Area Career and Technology Center and there is potential to create additional opportunities in high-demand career and tech programs. Funds to expand career academies like the one located here in Bismarck would create more options for students.

Our graduates are successful! Both our Nursing and Peace Officer graduates pass their licensure exams at rates much higher than national averages. The national average first-time pass rate on the practical nurse exam in 2017-2018 was 85.45 percent. Lake Region State College's first time pass rate was 93.55 percent. The national pass rate average on the registered nurse exam is 87.80 percent. Lake Region State College's first-time pass rate was 93.94 percent.

As we build partnerships, we also build efficiencies.

- DCB, LRSC, and WSC have formed the ND Ag Consortium to deliver ag education to college students. The campuses will share faculty and cross list courses to maximize efficiency and ensure each institution can offer an ag degree in the most cost-effective manner possible. We are anticipating the addition of a four-year institution to the consortium to enhance the ability for students to seamlessly transition to a bachelor's degree. The consortium will increase our effort to meet ag related workforce needs in the State of ND.

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- Our Peace Officer Training program is a great example of efficiency. Lake Region State College works with law enforcement agencies throughout the state to deliver a quality product in the four major cities in North Dakota as well as at LRSC. Students then have the option of saving the cost of room and board if they can commute to one of these locations.

- The Dakota Nursing Program is a joint program with one director and shared faculty at BSC, LRSC, DCB, and WSC. Instruction is delivered to Mayville, Grand Forks, Minot, Valley City, Rugby, Harvey, Hazen, and New Town.
- The Northern IT Consortium – comprising IT departments at LRSC, WSC, DCB, TMCC, and soon MiSU – jointly delivers common IT courses and specialty IT courses using North Dakota IVN and online delivery methods.

- Lake Region State College, Minot State University, and the North Dakota School for the Deaf/Resource Center for Deaf/Hard of Hearing are collaborating to increase access for deaf or hard-of-hearing individuals. LRSC and MiSU collaborated to develop a BAS in Sign Language and Interpreting studies to meet the need for trained, certified interpreters in North Dakota.

Much of rural North Dakota is threatened by demographic changes including population decline. Northeast North Dakota is still seeing declining enrollment in K-12 schools. Lake Region State College has seen steady enrollment despite the declining population of seniors in high schools in northeast North Dakota, indicating LRSC offers programs that are meeting the educational needs of students and industry in the area.

Lake Region State College stresses collaboration with its sister institutions and economic development partners. Both are needed to have an impact on the growth and retention of population in the northeast region of North Dakota. Earlier stated examples show the variety of partnerships we have with other institutions. The link between economic development and access to education is especially important, because in rural areas, low levels of educational attainment and high poverty are barriers to development that must be addressed simultaneously if the local economy is to thrive.

Here in Devils Lake, a group of businesses has just agreed to a tuition reimbursement program for high school graduates who promise to return and work. It's called 20 by 2020. A business would partner with a young adult who is interested in a one- or two-year technical degree. The business would pay 60 percent of his or her college costs, and Forward Devils Lake, the area's economic development corporation, would kick in another 20 percent. In exchange, the student would agree to work for the sponsoring company for three years.

Lake Region State College is the educational hub of the central region of northeast North Dakota and is vital to addressing the needs for workforce development, to collaboration with economic development for retention of employers, and for developing entrepreneurs and strengthening the sharing of resources with our P16 partners for student educational success. LRSC played a key role in development of the Northeast Educational Services Cooperative Regional Education Association and continues to be an active partner with 23 K-12 school members.

BUDGET REQUEST FOR 2019-2021 BIENNIUM

Our mission for Lake Region State College is to provide quality academic education, vocational/technical training, workforce training, outreach opportunities, and lifelong learning.

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As we look ahead to the next biennium, we have many challenges to our mission. Similar to other colleges in the North Dakota University System, we have the continuing challenge of adjusting to the state's demographic shifts while also developing programming and services to meet the state's emerging needs.

We recognize the budget challenges you are facing. The current funding model for higher education is the most equitable model we have ever used.

State General Fund Appropriations

	2017-19 Base Level	Requested Adjustments	2019-21 SBHE Needs-Based Budget	Executive Recommendation	Difference from 2017-19 Base Level	Difference from SBHE Needs-Based Budget
Campus Operations	$12,700,623	$196,679	$12,897,302	$12,371,772	$(328,851)	$(525,530)
Capital Assets	$ -	$ -	$ -	$ -	$ -	$ -
Plant Improvement Carryover						
Capital Projects – Non-State Funded						
Capital Projects – Non-State Carryover						
Operating Carryover						
Total State General Fund	**$12,700,623**	**$196,679**	**$12,897,302**	**$12,371,772**	**$(328,851)**	**$(525,530)**
Additional Details:						
4%/4% Salary Increases		$489,519				$(489,519)
4%/2% Salary/Benefit Increase						382,895
2019-21 Health Insurance Increase						201,483
Formula Funding Adjustment for fewer SCH		(292,840)				
5% Reduction in Formula Funding Per SCH		-				(620,389)
Total State General Fund		**$196,679**				**$(525,530)**

Special Fund Authority

	2017-19 Base Level	Requested Adjustments	2019-21 SBHE Needs-Based Budget	Executive Recommendation	Difference from 2017-19 Base Level	Difference from SBHE Needs-Based Budget
Campus Operations	$24,111,092	$883,417	$24,994,509	$25,021,443	$910,351	$26,934
Capital Assets						
Plant Improvement Carryover						
Capital Projects – Non-State Funded						
Capital Projects – Non-State Carryover						
Operating Carryover						
Total Special Fund Authority	**$24,111,092**	**$883,417**	**$24,994,509**	**$25,021,443**	**$910,351**	**$26,934**

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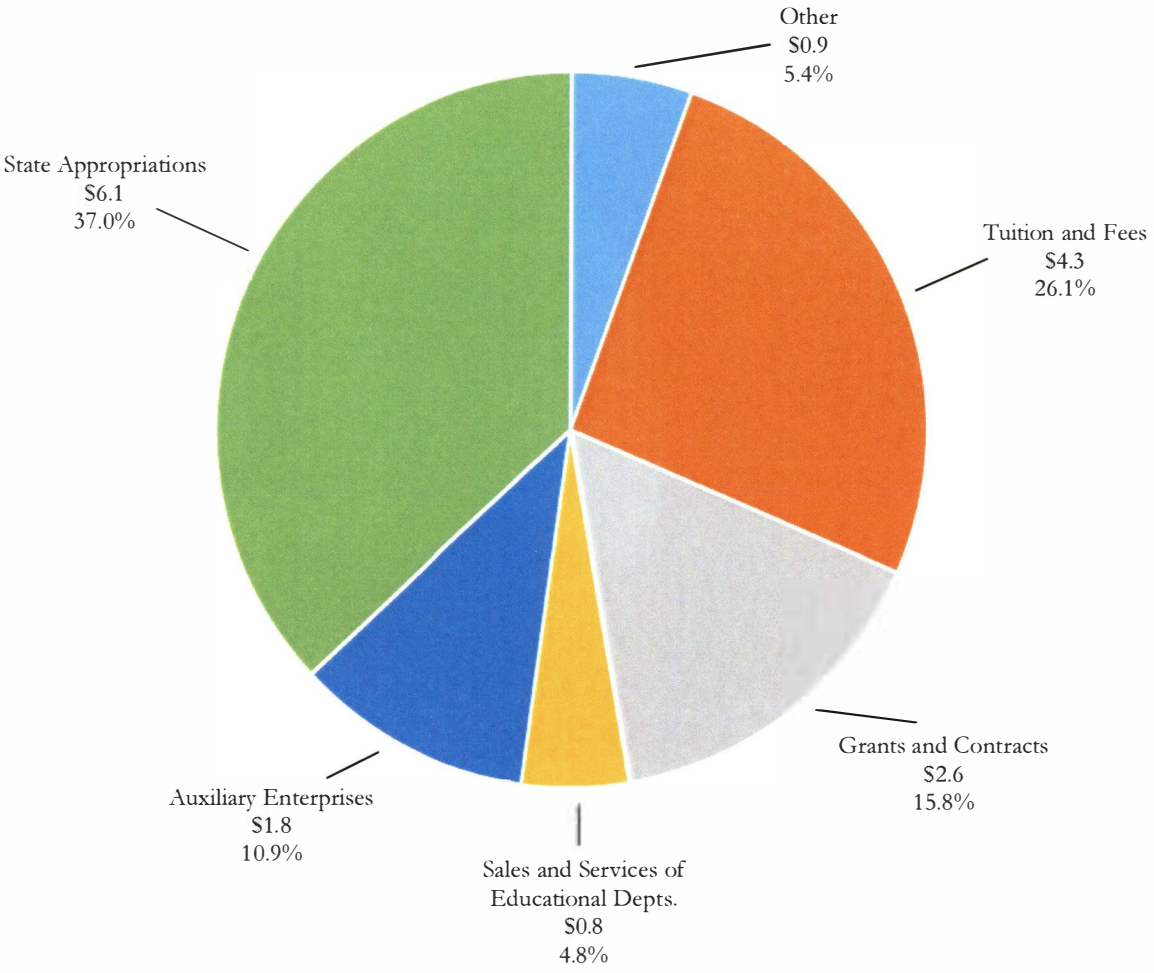
TOTAL REVENUE
(EXCLUDING CAPITAL)

FISCAL YEAR 2018

($ in millions)
Total Revenue: $16.5 million



Source: Audited NDUS Financial Statements, June 30, 2018

Auxiliary Enterprises are the self-supporting activities of the campuses, such as bookstore, food service and housing.

Sales and Services of Educational Departments includes revenues related incidentally to instruction, research, public services and revenues of activities that exist to provide instructional and laboratory experience for students and incidentally creates goods and services that may be sold to students, faculty, staff and the general public. Examples are advertising in campus publications, fees for conferences organized by the institution and ticket sales for campus theatrical and musical events.

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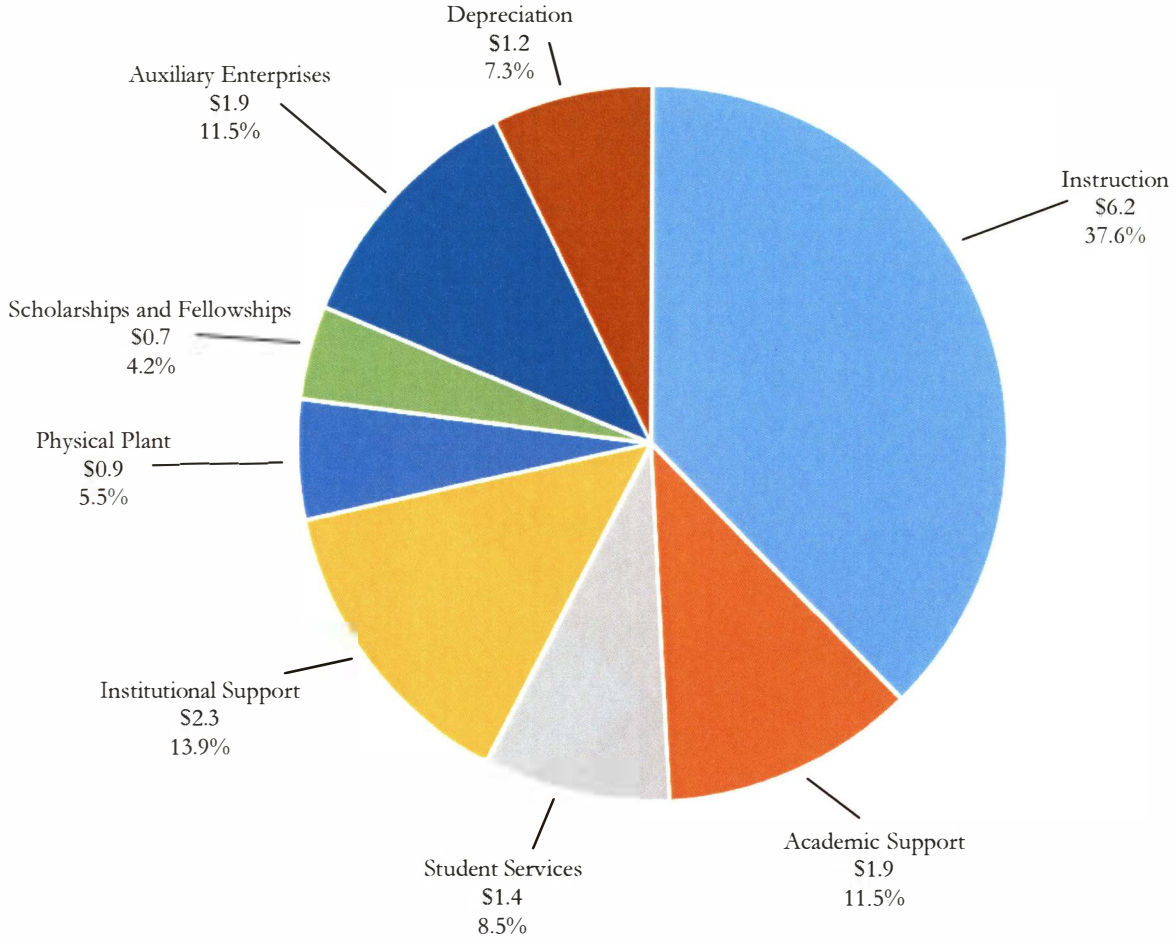
OPERATING EXPENSES BY FUNCTION
(EXCLUDING CAPITAL ITEMS AND OTHER NONOPERATING EXPENSES)

FISCAL YEAR 2018

($ in millions)
Total Operating Expenses: $16.5 million



Source: Audited NDUS Financial Statements, June 30, 2018

The **instructional function** includes expenses related to instruction (e.g. classroom, distance and continuing education) and instructional support. **Academic support** includes libraries, academic deans, and other departments that directly support the academic unit of the campuses. **Student services** include offices that provide a specific service to students, including career services, registration, admission and counseling. **Institutional support** includes staff that supports the institution as a whole (e.g. business office, IT support and president's office). The **physical plant function** includes upkeep, maintenance and utilities for campus facilities. **Scholarships and fellowships** include aid provided to students. Auxiliary enterprises are the self-supporting activities of the campuses, such as bookstore, food service and housing. **Depreciation** represents the non-cash expense of capitalized assets over time. **Public service** includes activities established primarily to provide non-instructional services that are beneficial to individuals and groups external to the institution. The **Research function** is activities specifically organized to produce research.

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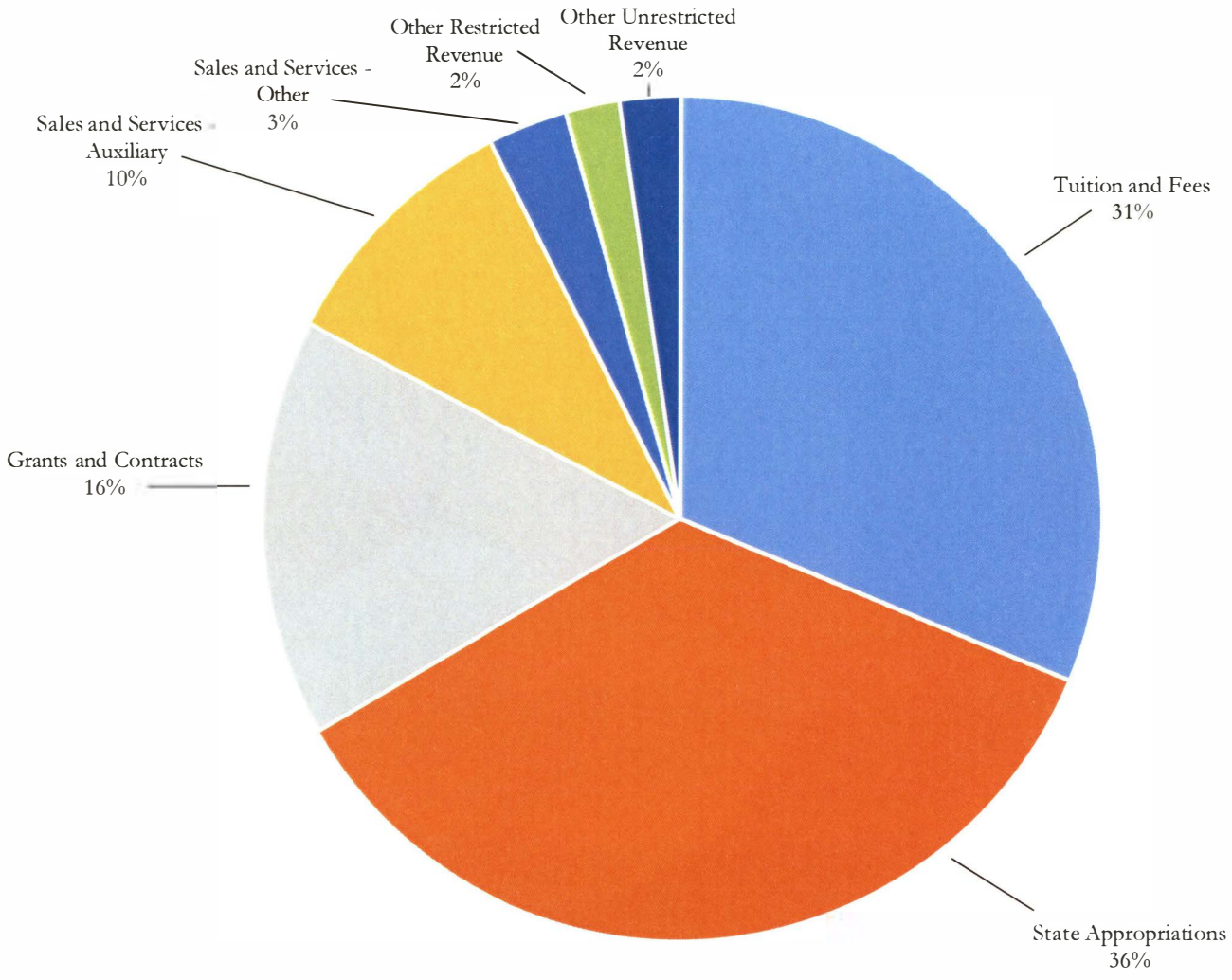
FISCAL YEAR 2019 OPERATING REVENUE BUDGET
(INCLUDING APPROPRIATED AND NON-APPROPRIATED SOURCES)



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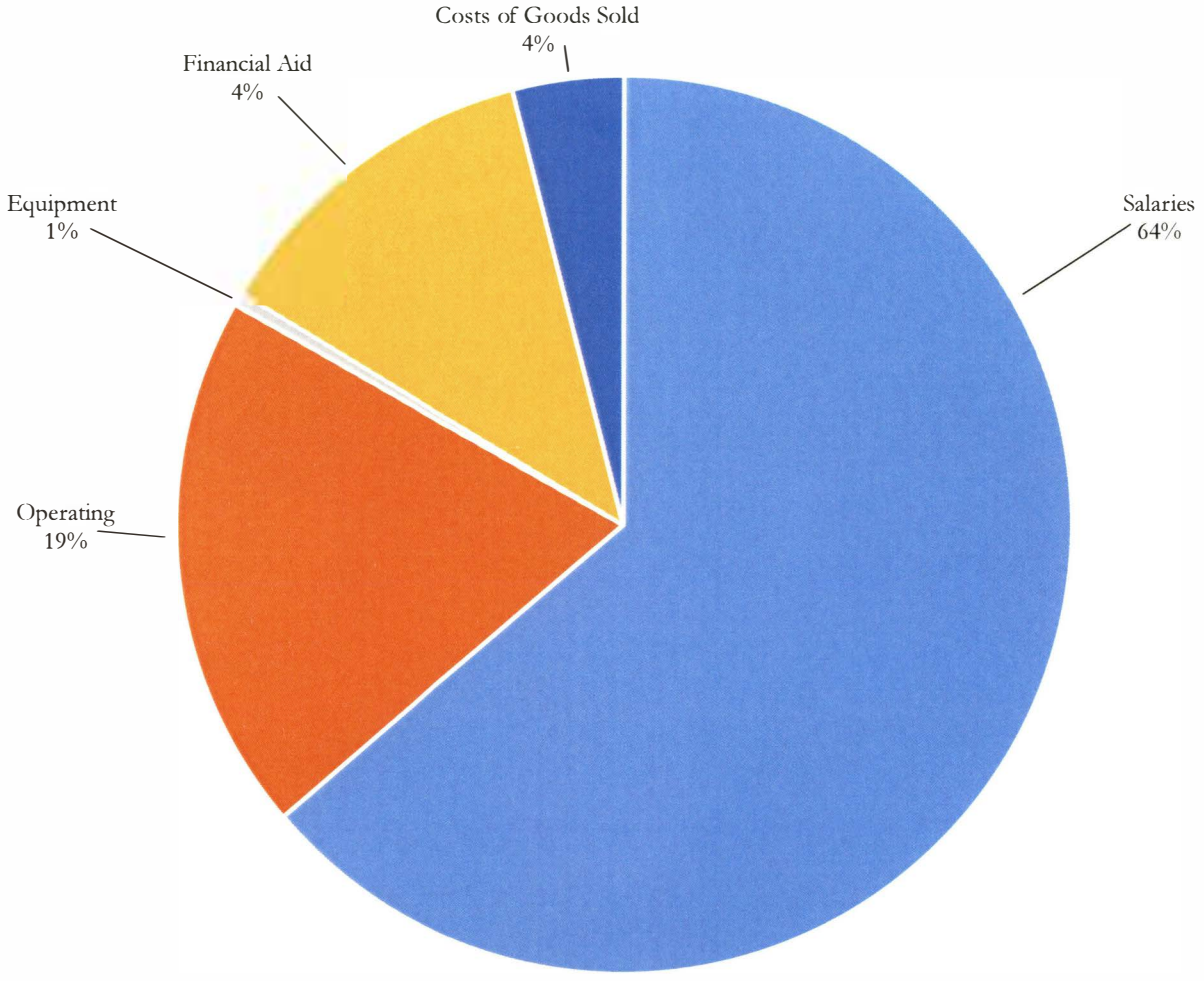
FISCAL YEAR 2019 BUDGET BY EXPENDITURE TYPE
(INCLUDING APPROPRIATED AND NON-APPROPRIATED EXPENSES)



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AUDIT

No reportable audit findings.

ENROLLMENT

Fall Enrollment Census

	2017	2018
Total Headcount:	1,972	2,072
Total Full Time:	527	538
Total Part Time:	1,445	1,534
Total Credits:	14,920	15,077
Total FTE:	994.65	1,005
Total Men:	856	893
Total Women:	1,076	1,179

Credits by Location

Devils Lake Campus	56%
Dual Credit	15%
IVN	3%
Online	28%
GFAB Center	11%
Launch!	2%
Nursing Off Campus	2%

Lake Region State College

Fall 2018 was a record year for LRSC. A segment of our college mission is to provide quality academic education. Enrollment information for Lake Region State College) compares this fall enrollments to enrollments of past years. Strong enrollment means students are discovering the great opportunities LRSC has to offer, but enrollment growth also presents serious challenges to campus resources, from classroom space to infrastructure, to personnel.

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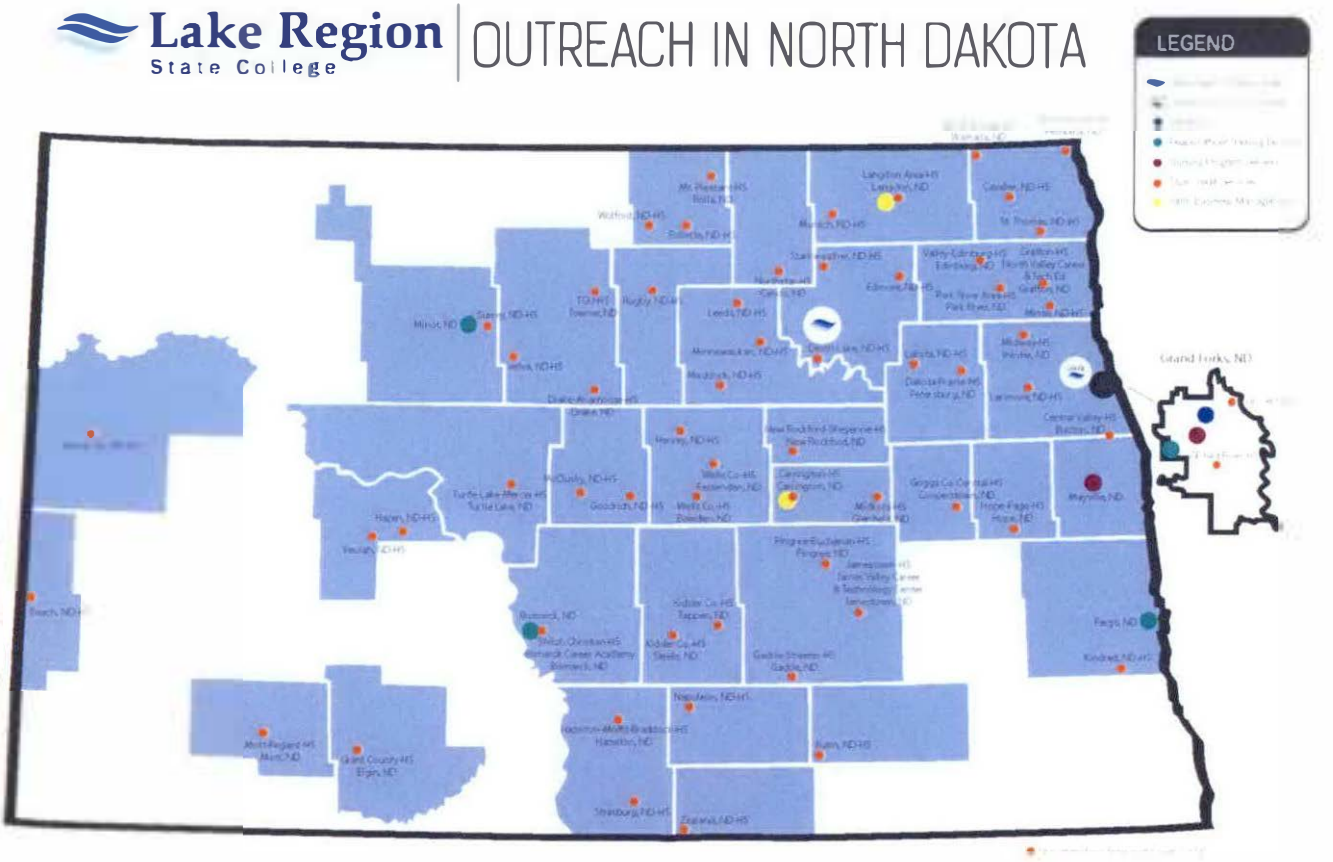
LRSC OUTREACH



Although the number of schools we work with has increased, the overall number of students enrolled has remained comparable to last biennium. These courses serve two purposes; they simultaneously count toward high school and college graduation requirements. LRSC delivers dual credit courses to the schools that are indicated by the small red dots on the above map. The larger dots represent various programs we currently deliver on site, incurring additional delivery expenses for renting space and employing faculty and staff to deliver in-demand programs to Fargo, Grand Forks, Langdon, Mayville, and Minot.

Lake Region State College is a vital part of Devils Lake and the northeast sector of North Dakota area providing economic and quality-of-life opportunities for residents. LRSC benefits the community significantly. It has high-quality programs that are versatile and provides several different avenues of opportunity. Without LRSC, the communities in the northeast sector would lose students to other communities or states. North Dakota would have a less educated workforce and a less informed citizenry with fewer opportunities for economic development projects and improvements to the community.

Lake Region State College continues to have a positive economic impact on the region. In fiscal year 2015, the college showed an economic impact of $60.6 million compared with $59.4 million in fiscal year 2012. Increased retail trade activity spurred by LRSC was estimated to be $14.7 million in fiscal year 2015, up from $13.9 million in fiscal year 2012.

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Quick Data
Fall 2018
Lake Region State College

ENROLLMENT

PROGRAM ENROLLMENT

	Fall 2015	Fall 2016	Fall 2017	Fall 2018
Liberal Arts (AA/AS)	234	244	245	238
Adult Farm Management	51	39	57	82
American Sign Language	9	13	10	16
Automotive Technology	14	17	27	20
Business Administration	62	54	52	56
Early Childhood Education	33	29	27	27
Fitness Trainer Technician	13	19	19	19
Information Technology	11	10	9	12
Law Enforcement/POTP	64	64	54	39
Marketing	11	9	9	8
Nursing, ADN	40	37	46	55
Nursing, LPN	77	101	105	111
Precision Agriculture	45	33	37	37
Simulation Technology	19	10	17	28
Speech Language Path Para	10	13	8	3
Wind Energy Technician	12	17	17	19

FALL HEADCOUNT ENROLLMENT

Official census student headcount enrollment

	2015	2016	2017	2018
Full Time	535	501	527	538
Part Time	1,383	1,446	1,445	1,534
Total	1,918	1,947	1,972	2,072

FULL-TIME EQUIVALENCY (FTE)

Fall 2015	Fall 2016	Fall 2017	Fall 2018
980.45	971.40	994.65	1,005

UNDUPLICATED HEADCOUNT

Summer '17, fall '17, spring '18; end of semester

2014-15	2015-16	2016-17	2017-18
3,157	2,996	2,866	2,964

DEMOGRAPHICS

RESIDENCY

Students from in state	83%
Students from out-of-state	15%
International students	2%

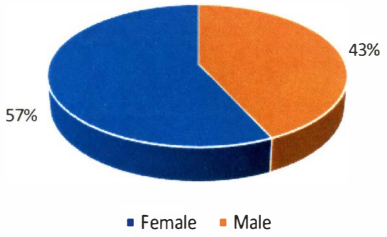
TOP 3 STATES FOR RESIDENCY

North Dakota	1,722
Minnesota	173
CA, CO, SD	11

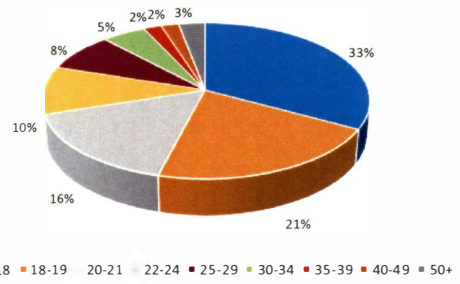
ENROLLMENT BY ETHNICITY

White	1,637
Black or African American	69
Non-resident Alien	66
Hispanic/Latino	85
Two or more races	97
American Indian or Alaska Native	46
Asian	20
Native Hawaiian or Other Pacific Islander	4
Unknown	48

ENROLLMENT BY GENDER



ENROLLMENT BY AGE



Note: Demographic data represents all undergraduates, including full-time and part-time, degree-seeking and non-degree seeking, for Fall 2018.

ACADEMICS

CREDITS BY LOCATION

	Fall 2015	Fall 2016	Fall 2017	Fall 2018
Devils Lake	38%	36%	40%	39%
Dual Credit	16%	18%	17%	15%
IVN	1%	2%	1%	3%
Online	22%	25%	26%	28%
GFAFB	17%	13%	12%	11%
Launch!	3%	3%	3%	2%
POTP & Nursing off Campus	3%	3%	1%	2%

DEGREES AWARDED

July 1, 2017 through June 30, 2018

Associate	215
Diploma/Certificate	127

AVERAGE ACT SCORE

2016-2017 enrolled freshmen

Composite	18.9
Math	19.1
English	17.1
Reading	19.2
Science	19.6

TOTAL CREDITS GENERATED

Fall 2018	15,077
Fall 2017	14,920
Fall 2016	14,571
Fall 2015	14,708

PLACEMENT RATE

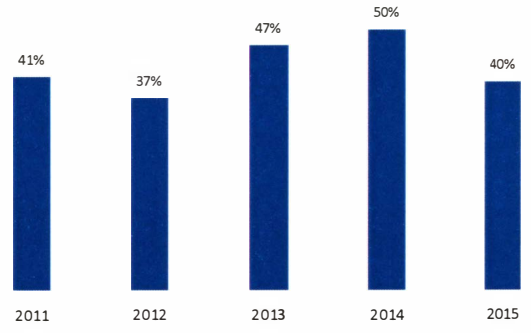
2016-2017 graduates; all programs

98%

GRADUATION AND RETENTION

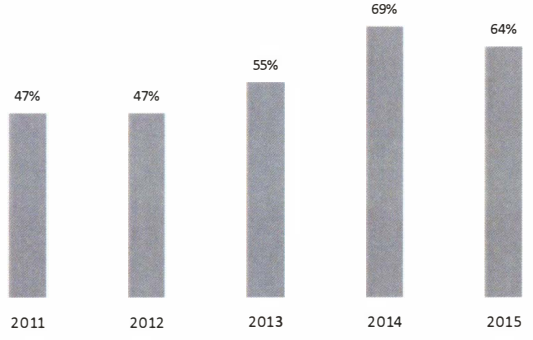
GRADUATION RATE (IPEDS)

Full-time, first-time; graduating within three years of beginning a program.



STUDENT ATHLETE GRADUATION RATE

Full-time, first-time; graduating within three years of beginning a program.



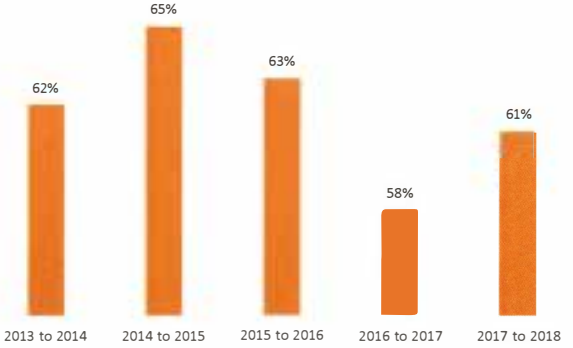
GRADUATION RATE (SAM)

Full-time and part-time, first-time-at-institution (first-year and transfer); graduating within six years of beginning a program.



RETENTION RATE

Full-time, first-time; fall to fall retention.



Revised 12/13/2018

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Appendix B

LRSC QUICK FACTS

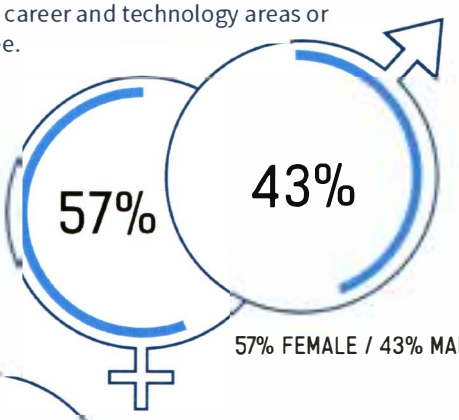
Get introduced to exciting possibilities that will direct you to a great career. Lake Region State College will help lead you to a high demand job in various career and technology areas or start you on the road to earning your bachelor's degree.

2,000+

OVER 1,900 STUDENTS
on-campus, online & outreach campuses

14:1

STUDENT:FACULTY RATIO
average class size

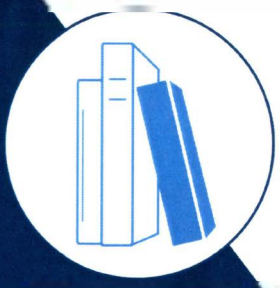


57% FEMALE / 43% MALE



With a mission to serve the higher education needs of northeast North Dakota, our great programs and service to students, LRSC also draws students from

31 STATES & MANY COUNTRIES
including: Australia, Canada, Germany, Japan, New Zealand, United Kingdom of Great Britain, Oman and Saudi Arabia.



17 PROGRAMS OF STUDY
Start almost any bachelor degree at LRSC – earn an associate's degree and transfer to a university or choose from our technical programs and enter in demand careers in two years or less.



10+ CLUBS & ORGANIZATIONS
Student Senate
Royal Ambassadors
DECA
Phi Theta Kappa
LRSC Playmakers
CRU
Sim Club
& more...



5 NJCAA DIV I & DIV II TEAMS
Baseball
Men's basketball
Softball
Volleyball
Women's basketball

ANNUAL COST

www.fafsa.gov [LRSC school code: 002991]

$4,475	+ 5,830	+ 1,000	= **$11,305**
Tuition & Fees	Room & Board (double room & 10 meals per week)	Books (approx.)	2018-2019 Annual Cost

PROGRAMS

-Associate in Arts
-Associate in Science
-American Sign Language & Interpreting Studies
-Automotive Technology
-Business Administration (Accounting/Management/Marketing)
-Early Childhood Education
-Fitness Trainer Technician
-Information Technology
-Law Enforcement
-Marketing
-Nursing
-Peace Officer Training
-Precision Agriculture
-Simulation Technology
-Speech Language Pathology Paraprofessional
-Wind Energy Technology

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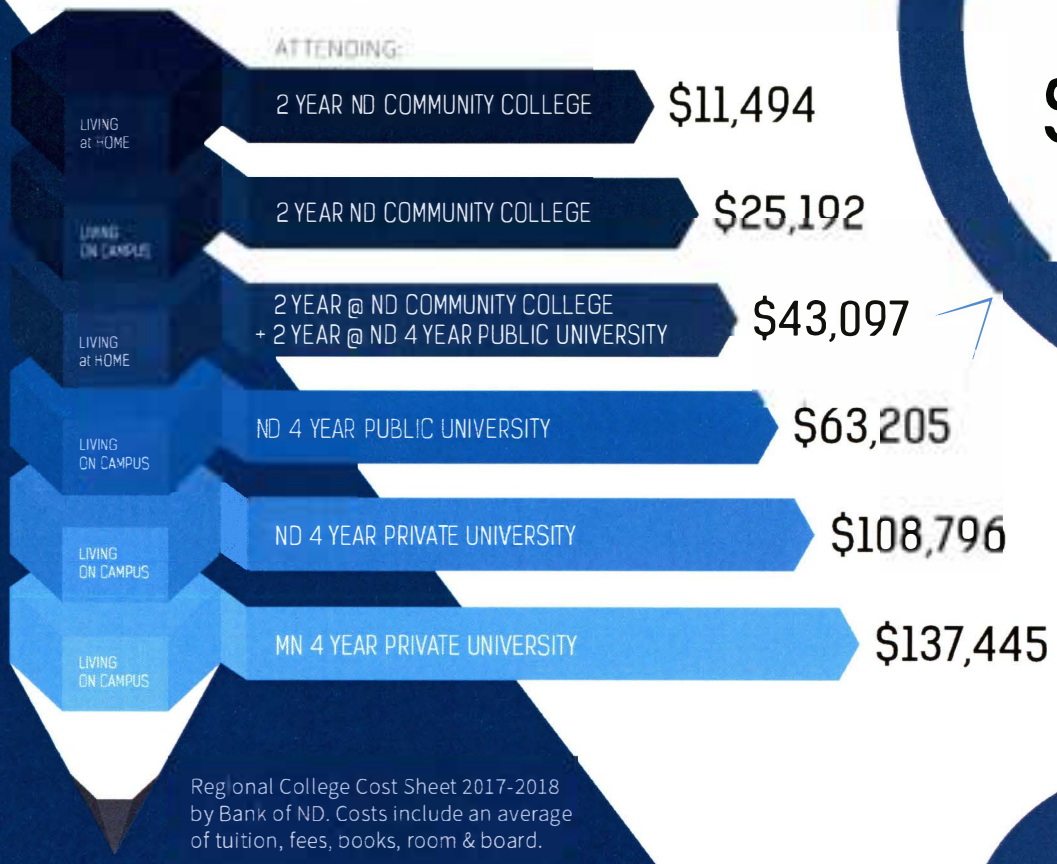
MORE FACTS...



$20,108
savings

Regional College Cost Sheet 2017-2018 by Bank of ND. Costs include an average of tuition, fees, books, room & board.

APPLY TODAY!

IMPORTANT DATES

CAMPUS PREVIEW DAYS
October 18, 2018
October 19, 2018
April 13, 2019

REGISTRATION DAYS
April 25, 2019
June 20, 2019
July 16, 2019
August 13, 2019

ACT TEST DAYS
September 8, 2018
October 27, 2018
December 8, 2018
February 9, 2019
April 13, 2019
June 8, 2019
July 13, 2019

CAMPUS VISITS

A tour at Lake Region State College is the best way to see that our campus meets a student's needs. Students enjoy the comfort and convenience LRSC provides on its accessible campus. At Lake Region State College, student success is our priority. A personalized campus visit will give you the opportunity to visit with students, faculty, and staff. See first hand that the close-knit atmosphere of Lake Region State College and the college's friendly staff demonstrate a student-first environment.

SCHEDULE A TOUR...Visit Our Campus...BECOME A STUDENT!
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Lake Region
State College

Major Capital Projects Request

Project: Dakota Precision Ag Center

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LRSC DPAC
(Dakota Precision Ag Center)
FACILITY REQUEST: KEY POINTS

Space will be used to advance a specific program or activity that is a high priority of the state.

Agriculture is a leading economic engine of not only the Devils Lake region but of the state as a whole. Those who wish to succeed in agriculture or the businesses that serve it need to adapt to constant changes. Students in the Dakota Precision Ag Center at LRSC prepare to successfully navigate and remain on the leading edge of those changes. Those who return to the family farm possess the skills needed to compete in a very competitive marketplace. Those who enter into other agribusinesses that support the local farming operations will understand how to utilize current technology to keep these North Dakota businesses thriving.

Our enrollment is comprised almost entirely of North Dakota students and our placement is almost entirely in North Dakota positions. The majority of our students enter the workforce upon program completion but we have also developed articulation agreements to facilitate students' goals to continue their education at a North Dakota four-year college or university.

Project meets a compelling programmatic or accreditation justification consistent with campus mission and strategic goals.

Lake Region State College revised its agricultural programming in 2012 after receiving a $2.9 million Trade Adjustment Assistance Community College and Career Training (TAACCT) grant from the US Department of Labor. LRSC developed its highly successful Precision Agriculture Technician Program and that program has already reached its 40-student program capacity. The Farm Business Management Program, housed in the same facility, serves 130 farm and ranch operations and has close ties to the Precision Ag Technician Program. Besides the regular classroom instruction required, Precision Ag students obtain real-world exposure to the technologies on equipment brought into the shop. Unfortunately, the current overhead door is not large enough to accommodate air seeders, tillage applicators, nor combines lacking foldable hopper extensions. LRSC collaborates with local dealerships to provide them the use of our rented facility for training purposes; in return, they allow our students to be included in their training on the latest technologies. Limiting factors in our training include the condition of our rented facility, the size of the equipment we are able to accommodate and the off-campus location. LRSC promotes a small campus, family atmosphere but the students in the Precision Ag Program are less likely to be involved on-campus because of their current location.

Project is necessary based on clearly demonstrated condition of existing space.

LRSC leases an 11,500 sq. ft. former farm implement building nearly two miles north of campus to house the Precision Agriculture Technician Program and the Farm Business Management Program. In addition to direct training activities, the Precision Ag Program hosts several events with its many business partners and TrainND throughout the year. The facility is substandard for many reasons including the following:

- Aging facility is not well-suited for educational purposes
- Lack of mechanical infrastructure for adequate indoor air quality
- Inadequately insulated
- Bottom tin has rusted away in spots leaving the outside visible from the inside
- Concrete has shifted leaving the thresholds before the doors in poor shape
- Unpaved lot is a mess anytime it rains which makes it difficult to keep the floors clean
- The shop is poorly lighted and is grease stained
- Septic system has been overwhelmed during special events as the facility is not connected to either the city or the rural sewer system
- The owner retains, and utilizes, his right to store stuff on the property
- A slough and CRP are located within 1000 feet to the east and even with monthly EcoLab service we are constantly fighting rodent infestations

LRSC does not believe it is reasonable to continue to invest in an off-campus, leased facility that is inadequate to serve the needs of extremely viable programs. On-campus facilities do not have enough room nor do they contain proper shop facilities to handle the Precision Ag Technician Program and the Farm Business Management Program enrollments. LRSC considers constructing a proper on-campus facility and relocating these two programs a top priority.

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Project addresses current life, health, and safety issues.

The leased facility is not connected to the city sewer system; an aging septic and drain field system are still utilized and are sometimes overwhelmed by special events. 100 feet to the east is slough grass that stays too wet to maintain making rodent and pest control extremely difficult. We constantly deal with mice, and occasionally rats. 100 feet beyond the grass is a 4,500 sq. ft. cattail slough full of seeds/fuzz that blow into the building every fall. To the northeast, less than 1,000 feet, is a feedlot handling several hundred cattle.

The facility is nearly two miles north of campus requiring students (30-40 vehicles) entering ND Hwy 20 with a left turn in a 40 mph zone from campus then making a right hand turn off of Hwy 20 in a 65mph zone with no turning lane. When leaving, students turn left onto Hwy 20 in a 65 mph zone and exit back onto campus with two options: turn into the residence hall entrance with no turning lane or enter the main campus with a turning lane. Students may do this 2-5 times a day. Other universities may require students to drive from class A to class B but probably not by entering into a 65mph zone multiple times a day.

Since this is a rented facility off-campus, we have not been able to take advantage of tying into the main campus security upgrades including electronic locks on exterior doors and security cameras. Parking lot lighting is also inadequate.

Project addresses an urgent infrastructure need.

Already explained above.

Future Operating/Improvement costs and funding sources.

Operating costs will decrease for several years because utility costs on the main campus are considerably less than the utility costs incurred at the off-campus location. Custodial services will decrease when the gravel parking lot is eliminated. Physical Plant staff will no longer need to drive equipment to an off-campus location to remove snow.

Project addresses significant deferred maintenance.

The current rented facility is in high need of updated maintenance to the roof, air handling, windows, doors, signage, parking lot, sewer, exterior paint and flooring. The cost of major repairs will be passed through to LRSC in the form of increased lease payments.

Project fosters the consolidation of services or enhances operating efficiencies.

Collaboration between Precision Ag Program and other programs is hampered by being offsite. An on-campus facility will allow strong collaboration with our Marketing and IT programs and will make it easier for liberal art students to enroll in agriculture classes as electives.

Source and Availability of Funds.

State appropriations are requested for this facility.

Lake Region State College

Dakota Precision Ag Center

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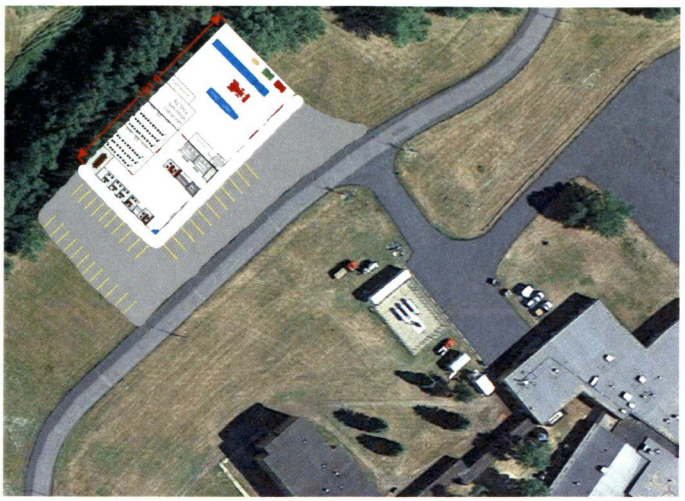

Image 1: Located northwest of Gilliland Hall.

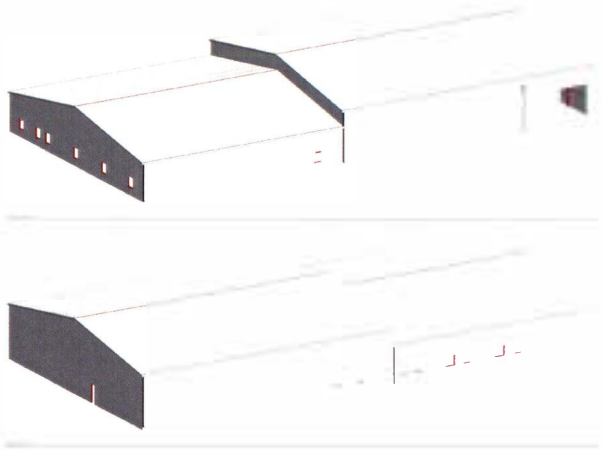

Image 2: Outside structure of proposed Dakota Precision Ag Center.

Space Includes:

- Classrooms
- Shop
- Simulation Classroom
- Tool Room
- Offices

TOTAL PROJECT BUDGET	
GENERAL CONDITIONS	$111,980
SITE and PARKING	254,565
BUILDING SHELL	802,920
BUILDING FINISHES	339,705
MECHANICAL and ELECTRICAL	927,821
TOTAL BASE BID	**2,436,991**
CM COSTS 5%	121,851
CONTINGENCY	127,944
A/E FEES 7%	188,078
ESCALATION THROUGH 2020 4%	114,996
OPINION OF COST TOTAL	**$2,989,860**

Scope of Work:

- All required taxes and insurance
- Building permit

Clarifications:

- Finishes to reflect industry standard
- Building 17,000SF
- Pre-Engineered Metal Building figured for Building Shell

Changes Made:

- Reduced building quantities to reflect a 17000SF building
- Reduced Paving by half
- Deducted ACT from Common office area
- Deducted Carpet Tile from Common Office area/ Replaced with Sealed Concrete
- Reduced 18'x25' door down to 18'x16'
- Reduced PEMB Contingency
- Reduced M/E by $5/SF

Alternates:

- Liner Panel in Shop
- Raised Floor in Classrooms
- Mezzanine above Tool Storage
- Brick Wainscot
- Aluminum Storefront in Silo

Exclusions:

- FFE supply and install
- All items not specifically stated above
- Utility usage costs to be paid by owner
- Payment and performance bond

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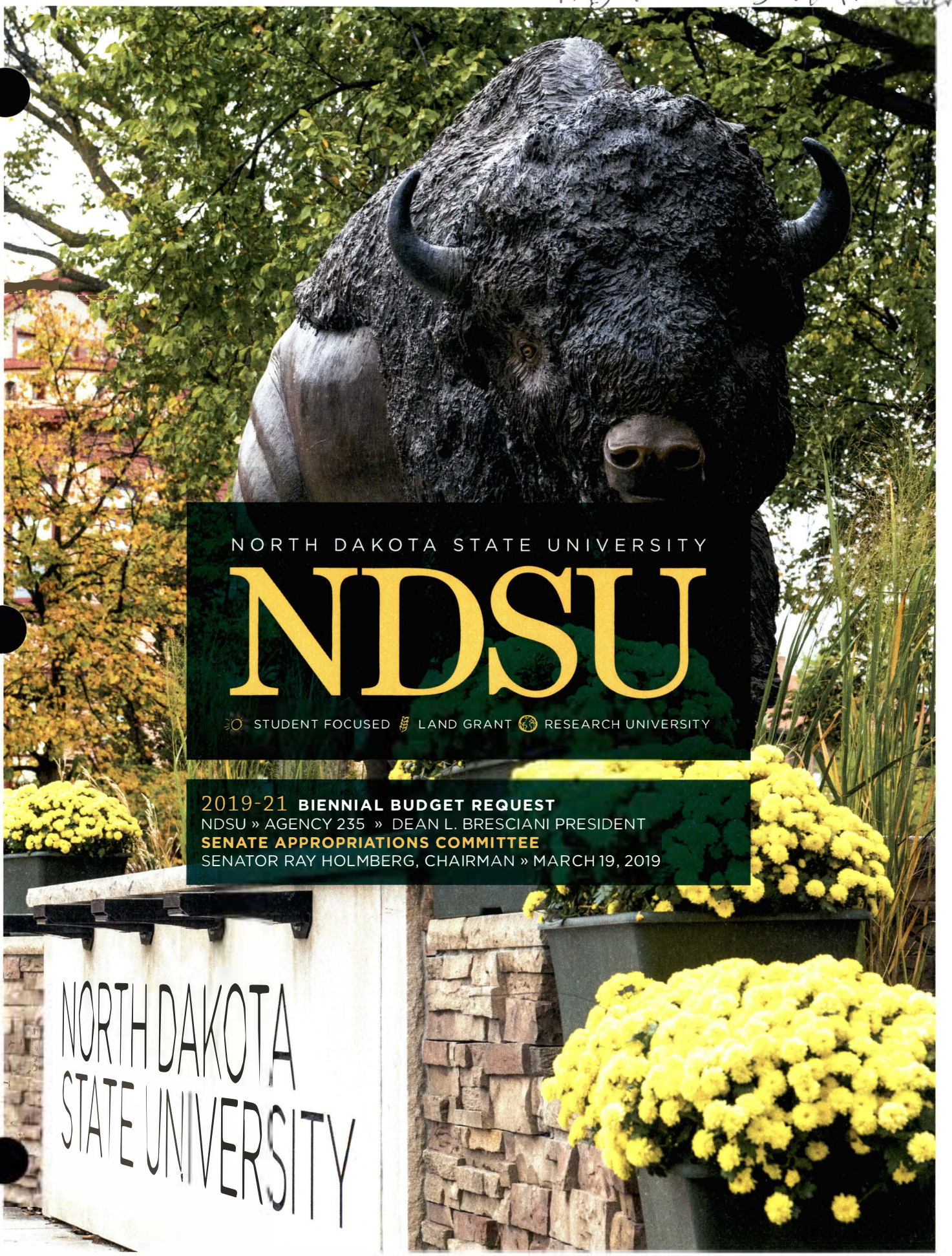

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North Dakota State University is pleased to submit for consideration this agency review and summary for the 2019-21 biennial budget request.

INTRODUCTION

As the state's land-grant institution, NDSU has a longstanding commitment to bringing educational opportunities and research solutions to the people of North Dakota. Our commitment remains focused on affordable access to a high-quality education for our students and serving state interests in a manner demonstrating sound stewardship and accountability. We are truly a student focused, land-grant, research university.

NDSU's continued success has led to higher national and international visibility, not just for itself but the entire state, and most importantly, more substantial contributions to the success of North Dakota and the nation, at levels never before attained by a North Dakota higher education institution. In fact, NDSU is now the top-ranked college or university in its five state area of North Dakota, South Dakota, Wyoming, Idaho and Montana. That ranking has resulted in demand from both in- and out-of-state students seeking a traditional full-time, residential experience leading to graduation in four years from a rigorous research university environment.

NDSU leads the state in the enrollment of first-time freshmen, and NDSU remains the largest university in the state in terms of overall full-time enrollment. NDSU graduates also enjoy an exceptional job placement rate in their field of study, exhibit a steadily increasing level of residency in the state after graduation, and make record-setting contributions to the state's tax base. From another perspective, the university's success also has led to continued record research and development expenditures, licensing revenues and new business growth, as well as subsequent job creation.

As NDSU continues to evolve and grow, we also continue our commitment to affordability, efficiency and productivity. That commitment is reflected in the success of our students, local and service region communities and the statewide economic interests we serve. We look forward and remain committed to addressing the needs and aspirations of North Dakota by building on our land-grant foundation.

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AGENCY OVERVIEW

Agency Statutory Authority ND Constitution, Section 215, North Dakota Century Code Chapter 15-12

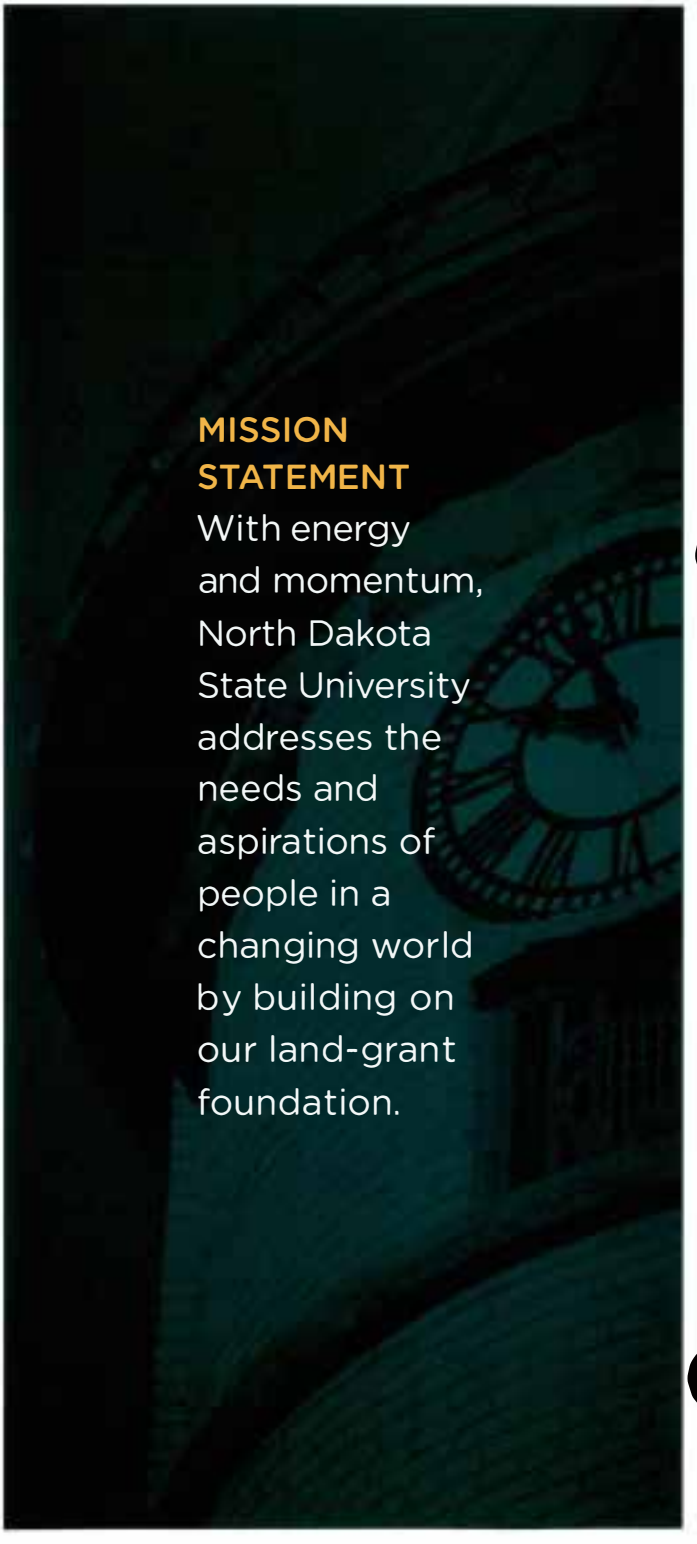
AGENCY DESCRIPTION

North Dakota State University (NDSU) broke into the 'top 100' National Science Foundation (NSF) rankings seven years ago and has climbed to 91st in the nation, with more than $153M in research productivity as of the FY17 reporting period. The National Science Foundation is the only federally coordinated/recognized ranking of the 3,500 colleges and universities in the nation. Because of this ranking, NDSU has become the highest NSF ranked institution in its five-state region of ND, SD, MT, WY and ID. Those rankings have opened up a steady progression of new partnerships and funding opportunities with other leading universities, private entities and federal agencies, never before possible for a North Dakota university.

NDSU is proud of its tradition as the state's student focused, land-grant, research institution. It embraces that responsibility as a cornerstone of its future productivity, and the contributions it can increasingly provide to North Dakota and the state's residents, as well as the nation's current and future interests.

The University hosts a large and increasingly diverse student profile and is home for the largest full-time, on campus enrollment in the state's university system. NDSU is located in a vibrant and growing area of the state, and the city of Fargo is regularly cited in national publications as one of the best college towns in the nation, best locations for entrepreneurial business start-ups, and best places for young professionals. The steadily growing metropolitan statistical area (MSA) population of 280,000 is anticipated to see continued growth over the next decade.

The three K-12 school districts in the Fargo-Moorhead area are collectively experiencing net new enrollment growth of over 1,200 students a year—projected to continue for at least eight more years. In partnership with the community and with a growing number of major corporate partners, NDSU has shared a responsibility for creation of an environment that compliments and blends the experiences of its students, faculty and staff with the community in which they live while attending the university.



AGENCY FUTURE CRITICAL ISSUES

NDSU's productivity and national visibility combined with the attractiveness of the surrounding community and the state's current economic strength have led to strong student demand by both undergraduate and graduate students, scholars and entrepreneurs eager to bring their research and business ideas to an environment that supports their success. Our future strategic focus, recently codified by a comprehensive academic masterplan, is focused toward science, engineering, technology, public health and agricultural fields represented by the STEM disciplines. In order to meet student demand, NDSU's future critical issues are:

- Provide resources to support faculty and staffing of academic areas and support functions while meeting the needs of student demand. Prior to the devastating cuts in budget and subsequently personnel in the last legislative session, NDSU had been able to provide increasing resources to support faculty and staffing of academic areas and support functions while meeting the needs of student demand. In years prior to the recent cuts NDSU had increased its number of academic and teaching staff by over 100, which had resulted in a notable lowering of its student-faculty ratio. The recent cuts eliminated that progress and put NDSU back to its pre-2010 position. That said, NDSU has successfully protected the number of tenure-track faculty positions, which remain approximately the same as before state resource rescissions.

- Continue to provide up to date classroom facilities equipped to meet the educational, technological and physical needs of our students.

- Continue to provide and maintain a safe and secure environment for students, faculty and staff.

NDSU understands its responsibility to evaluate and purposefully consider opportunities for collaboration and to find efficiencies across its academic programs and all other activities. Over the past several years we have undergone a comprehensive strategic planning process to evaluate those areas in which it is best positioned to lead, support, collaborate or contribute to the success of its constituencies.

Additionally, NDSU continues to identify those areas in which it is not best positioned or cannot efficiently lead with excellence in addressing demands of the state and nation, and must support collaboration with or redirection of state necessities to NDUS institutions better positioned to meet such demands.

At the same time, the University has also pursued a number of initiatives ranging from curriculum reviews, and restructuring of tuition, fees and course load expectations to purposeful collaboration with other state post-secondary institutions. Just a few current examples of such collaboration include development of undergraduate and graduate programs with Minot State (social work and human development), and NDSCS (the "Pathways" program, and the establishment of a two-year liberal arts preparatory program in the Fargo area.

AGENCY PERFORMANCE MEASURES

NDUS has adopted several data systems that help incorporate accountability measures and transparent reporting in accordance with the Board's vision and strategic plan. These data systems, including Dashboards, Predictive Analytic Reporting, Strategic Planning Online, and the State Longitudinal Data System, provide public reports on completion and retention rates, semester-by-semester enrollment, peer comparisons, financial aid and tuition, and much more.

Additionally, the publicly available data available throughout the systems provides real-time data to researchers and decision-makers. These analytical tools complement the system's biennial report on its strategic plan, which incorporates the "flexibility with accountability" expectations created in Senate Bill 2003 passed by the 2001 Legislative Assembly.

AGENCY STATUTORY AUTHORITY

ND Constitution Section 215, North Dakota Century Code Chapter 15-12.

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ENROLLMENT OVERVIEW

FALL ENROLLMENT DATA



	FT	FTE
2008	11,004	11,794
2009	11,679	12,577
2010	11,857	12,708
2011	11,675	12,606
2012	11,733	12,704
2013	11,798	12,797
2014	11,917	12,934
2015	11,684	12,834
2016	11,680	12,783
2017	11,768	12,783
2018	11,269	12,394

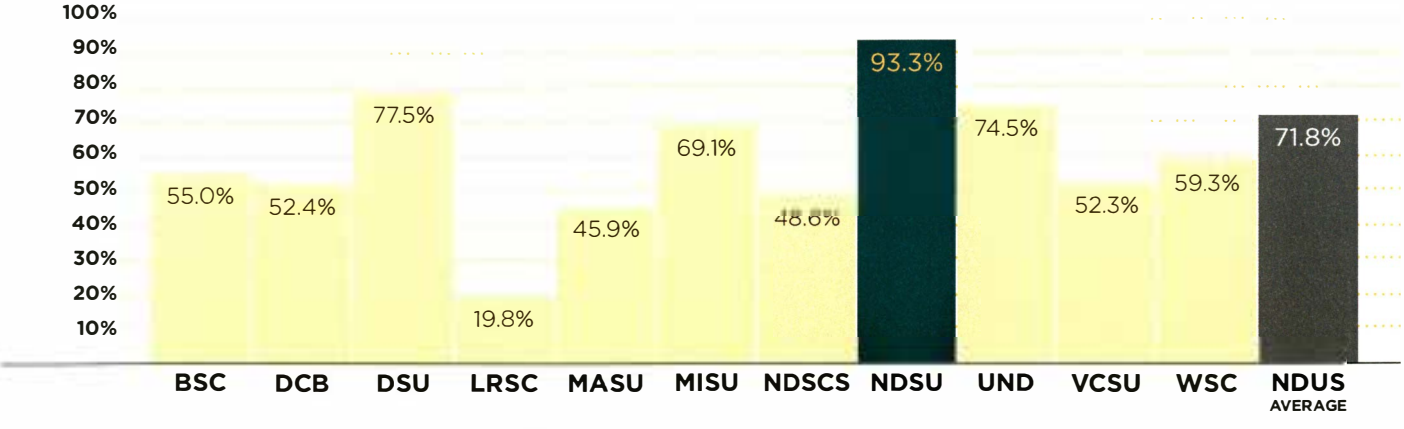
Headcount: All students, regardless of number of credit hours **Full-Time (FT):** Students enrolled in 12 credit hours or more **Full-Time Equivalent**: UGRD student credit hours divided by 15 = FTE; GRAD student credit hours divided by 12 = FTE





FALL 2018 FACE-TO-FACE ON-CAMPUS PERCENTAGES

At NDSU, 12,884 of 13,796 students are face-to-face with faculty in traditional classroom settings.



Method Note: Report NDUH2SRO is used in reporting as it includes ONLY degree credit coursework. Report NDUH2RZ includes non-credit coursework, and thus is not used.
Source: NDUS Fall 2018 Enrollment Report (Table 6)

AGENCY MAJOR ACCOMPLISHMENTS

1. ND's first and only top-ranked research university in the nation based on National Science Foundation.

2. Recently completed, opened and have now "named" a new, state funded 120,000 sq. ft. STEM Classroom building to meet student demand in the science, technology, engineering and math disciplines. The A. Glenn Hill Center has capacity for 4,000-5000 students to cycle through per day.

3. College of Health Professions construction project approved for an addition to Sudro Hall funded with private donations, expected completion during 2020. The 74,000 sq. ft. addition recently was named Aldevron Tower in recognition of Fargo-based Aldevron, the largest producer of DNA in the world. Aldevron Tower will allow for significant expansions of both the College's enrollments and research activities.

4. Catherine Cater Residence Hall, a revenue bond construction project, will allow second year students the opportunity to live on campus, expected completion during 2020.

5. NDSU's has become the North Dakota post-secondary institution of choice for North Dakota high school graduates, and similarly the institution of choice for out of state high school graduates. A majority of NDSU's out-of-state-students are choosing to stay in North Dakota for their first job after graduation and contribute back above state averages to the tax base. Student career outcome rate recently achieved a record 92 percent success with recent graduates reporting with employment, graduate or professional school, or have chosen to serve in the military.

6. Continued efforts in support of student success through improved sense of welcome and support; study of and implementation of interventions which have successfully led to improved retention and graduation rates; focus on students from historically under-represented populations, veterans, and others; and addressed high risk behaviors and other student issues. Continuing to expand academic collaborations including development of undergraduate and graduate programs representing the most extensive list of collaborative arrangements in North Dakota's 11-campus higher education system. The U.S. Department of Education (DOE) recently released its national loan default rate data for the latest cohort (2015) was 10.8 percent. We're pleased to share that NDSU's default rate was only 3.1%; well below the national norms and a record low for us as far back as we can track.

7. System wide support of academic support functions in IT-based data storage, academic computing (NDSU is the SBHE recognized supercomputing facility for the state), communication, emergency response and support technologies that provide the backbone of many NDUS institutions and the support of their collective academic communities. By blending system resources with the campus-based expertise requisite to major research university environments, NDSU is in many areas best positioned to efficiently provide services to its sister institutions through an increasing number of NDSU shared services. NDSU has been officially named by the State Board of Higher Education as North Dakota's lead institution both for cyber, and high performance computing related strategic initiatives.

8. Planned improvements in three campus-dining centers are underway in the 2017-19 biennium. These projects include the West Dining Center expansion and Residence Dining Center Phase II, projects adds made/cook-to-order stations, display cooking capabilities, authentic meal options and new vent hoods, equipment where needed and food prep areas. All projects are funded using auxiliary local funds.

9. NDSU increasingly enjoys private support and enthusiasm from our alumni, friends, state business leaders and the nation. More than ever they appreciate the critical role NDSU plays in keeping North Dakota high school students in our state, drawing out-of-state high school students to our state, and stimulating the economy while educating our primarily full-time student population and getting them in to our regional work force at a faster pace than our peers. And they've materially offered their support so we can further elevate our performance. To illustrate that point, in 2010 NDSU was enjoying approximately $9 million in annual private giving. Two years ago NDSU hit a record $52 million in private giving, and this past year NDSU hit almost $60 million. This year is on track to top the last, and that will be the springboard for the largest capital campaign in NDSU and likely state higher education history.

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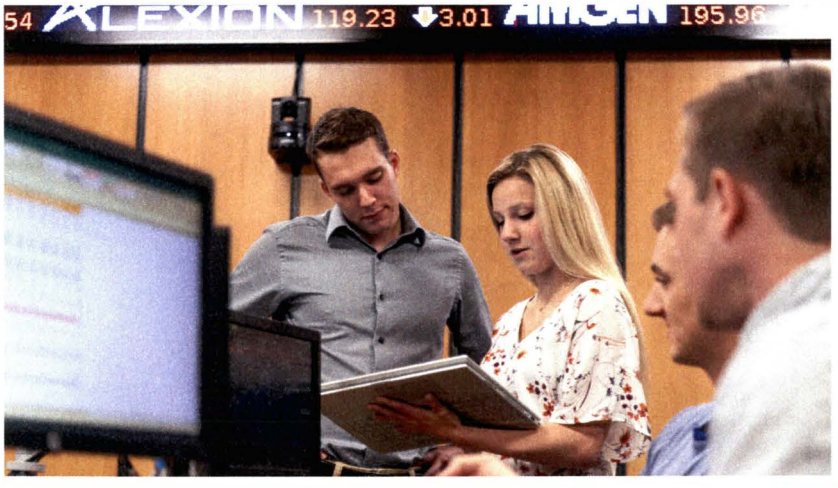
10. Continued involvement with the Research and Technology Park (RTP) and emerging technology firms have created several thousand new jobs, including employment of more than 100 NDSU undergraduate and graduate students. Recent refinancing of two major research facilities will allow for a substantial increase in commercialization activities. The award-winning 55-acre RTP is made up of 19 university, public/private and private tenants engaged in research and development activities which, with linked companies, generate more than $28 million annually through 1,023 on- and off-site full time employees (464 of which are NDSU graduates) and 103 student interns. The RTP includes a business incubator facility consistently operating at maximum capacity with a notable record of successful start-ups. The park has approached build-out and is planning expansion.

11. Solidified NDSU as one of the most successful overall NCAA Division-I athletic programs in the nation. NDSU student-athletes' commitment to excellence helped shine a national spotlight on an athletics program celebrating its NCAA Division I competition. NDSU has for the last several years been one of the top ten winningest overall Division-I athletic programs in the nation, with most teams going to post-season and up to national championship levels of play. The football team alone has with six national championships in the last 7 years, has set a new record in NCAA and American college football history. Construction completed of various major athletic non-state funded facilities, ranging from performance and practice venues through student athlete academic, sports medicine and nutrition centers, which collectively represent the largest collection of proximal indoor event space in a broad multi-state region.







PROGRAM NARRATIVE

EXPLANATION OF PROGRAM COSTS

Salaries and fringe benefits continue to make up the majority of NDSU's expenses, representing approximately 73% of the University's state educational and general operating expenses in the most recent fiscal year. At NDSU, in order to achieve and sustain the University's viability and recognition as a leading student focused, land-grant, research university, sufficient funding is required for competitive compensation and start-up packages for faculty and staff, along with the capacity to retain those faculty and staff in a performance-based, market driven environment.

Non-salary operating expenses represent the remaining 27% of the state education and general fund operating expenses. NDSU's focus on operational efficiencies allow us to continue to meet student demand of both undergraduate and graduate students, as well as support our ability to attract scholars and entrepreneurs eager to bring research and business ideas to an environment that supports their success.



PROGRAM GOALS AND OBJECTIVES

NDSU is proud of its tradition as the state's student focused, land-grant, research institution. It embraces that responsibility as a cornerstone of its future productivity. NDSU prides itself on the contributions it can make to North Dakota and the state's residents, as well as to the country and world. NDSU continues to excel in providing accessible and affordable education to academically-prepared students. Research productivity has risen significantly; our faculty compete successfully for corporate, state, and federal research grants, and our creative activity is vibrant and diverse.

The program goals and objectives for NDSU are in three major functional areas: academic programs, research and public service. In order to meet these objectives NDSU strives to provide: 1) high quality, best-practice instruction in curricula approved by the State Board of Higher Education to meet student needs 2) community and statewide educational services and on line, distance education programs at the collegiate level 3) a culture of scholarly activity, including research and creative activity. The University's expectation is that research and other scholarly activities will provide vitality and relevance necessary for superior instruction and public service and strengthen North Dakota's economic future. NDSU's strategic vision provides the guiding document for pursuing these objectives and for resource allocation, and it's strategic plan delineates strategies for student success, expansion of the research enterprise, and outreach to the citizens of North Dakota.

In support of these goals and objectives, student services and institutional support is necessary. NDSU must meet the needs of students by providing traditional and innovative programs to assist in the total development of the student. These efforts support student achievement/academic excellence through career preparation and development. We promote a better quality of life for our students through wellness programs, the provision of alcohol-free social activities, counseling and personal growth opportunities, as well as services for first generation students, veterans, and students with disabilities.

NDSU's institutional support provides administrative leadership and direction of the University academically, economically, and physically; coordinating all institutional affairs and operating guidelines of the University; and ensuring compliance with policies established by the State Board of Higher Education.

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PROGRAM PERFORMANCE MEASURES

NDUS has adopted several data systems that help incorporate accountability measures and transparent reporting in accordance with the Board's vision and strategic plan. These data systems, including Dashboards, Predictive Analytic Reporting, Strategic Planning Online, and the State Longitudinal Data System, provide public reports on completion and retention rates, semester-by-semester enrollment, peer comparisons, financial aid and tuition, and much more. Additionally, the publicly-available data available throughout the systems provides real-time data to researchers and decision-makers. These analytical tools complement the system's biennial report on its strategic plan, which incorporates the "flexibility with accountability" expectations created in Senate Bill 2003 passed by the 2001 Legislative Assembly.



PROGRAM STATISTICAL DATA

NDSU consists of eight colleges: College of Agriculture, Food Systems and Natural Resources; College of Arts, Humanities, and Social Sciences; College of Business; College of Engineering; College of Human Development and Education; College of Health Professions; College of Science and Mathematics; and the College of Graduate and Interdisciplinary Studies.

The programs of study include 51 graduate doctoral programs; 83 master degree programs and professional masters programs (software engineering, electrical and computer engineering, logistical and urban systems); over 100 bachelor degree programs; 1 specialist program (Education Leadership); 18 graduate level certificate programs and undergraduate certificate programs.

The NDSU campus includes over 100 buildings (either owned or fully leased). Additionally, to cope with the exceptional and immediate demand for 'space' on campus, NDSU is leasing space in the Bison Block (immediately on the south side of 12th Avenue, across from Campus) which houses the Bison Information Network (BIN) Television Studio. Lease of the West Building (41,500 sq ft) to house the offices and facilities of the Center Heritage Renewal, the Institute for Regional Studies and University Archives, a warehouse for Facilities Management, and is the location for the monthly State Surplus Auctions. To meet excess space demand, 23,400 sq. feet of space is leased at the Stop & Go development (north side of 19th Avenue and east of University Drive) which currently houses the departments of School of Nursing, Human Resources, Grants & Contract Accounting and Child & Family Services. The College of Health Professions currently leases four separate facilities (totally 14,000 assignable sq ft) off-campus to house the rapidly expanding number of students and attendant faculty, staff, classrooms, labs and other facilities.

Complementing NDSU are 8 NDSU Research Extension Centers representing 18,853 acres and physical assets estimated at over $840M:

- Carrington Research Extension Center
- Dickinson Research Extension Center
- NDSU Main Experiment Station
- Hettinger Research Extension Center
- Langdon Research Extension Center
- Minot North Central Research Extension Center
- Streeter Central Grasslands Research Extension Center
- Williston Research Extension Center

Related agencies:

- North Dakota Forest Service
- Upper Great Plains Transportation Institute

As of Fall 2018, NDSU student enrollment headcount was 13,796 students. There are over 6,000 employees (faculty/staff/regular/temporary/full-time/part-time).

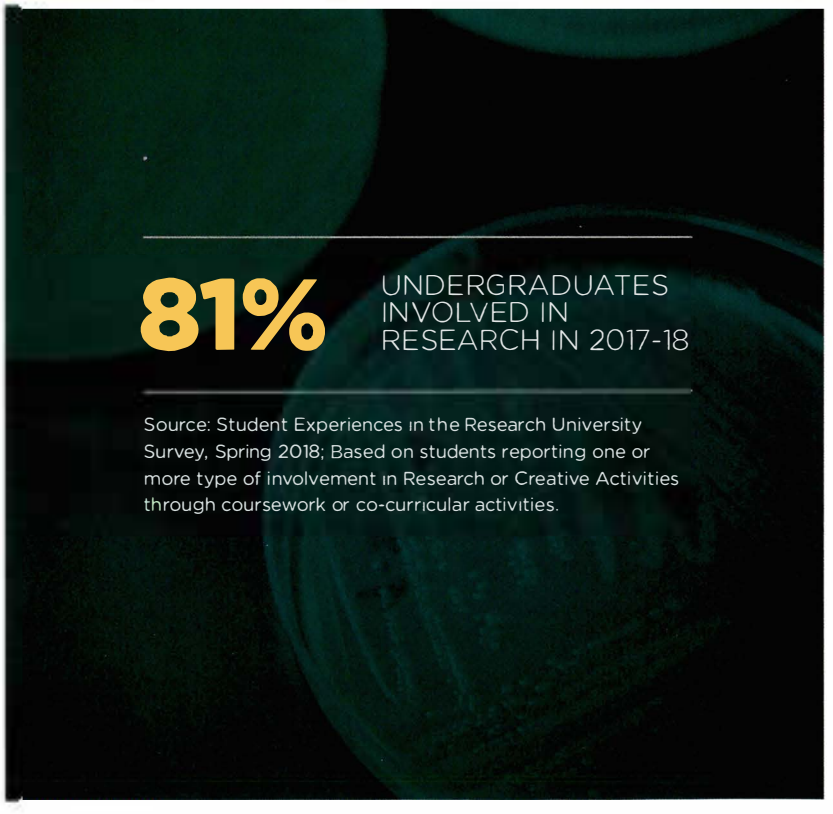
PERFORMANCE INDICATORS

RETENTION	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
First-year retention	78.00%	80.10%	78.00%	79.60%	79.10%	78.90%
Second-year retention	68.90%	66.90%	68.80%	69.80%	71.99%	71.35%
4 year graduation rate	26.90%	26.80%	32.20%	32.30%	35.00%	37.80%
6 year graduation rate	53.10%	56.10%	53.90%	55.50%	58.00%	57.60%

OTHER INDICATORS

Career Placement rate: reports percent of students within 6 months of graduation that are employed, enrolled in continuing education or military service.	75%	79%	80%	91%	92%	83%
Percentage of undergraduate advisors using early alert system				32%	42%	No data available
Percentage of undergraduate advisors trained on early alert system				78%	91%	No data available
Student-faculty ratio	18:1	17:1	17:1	17:1	18:1	17:1
Percentage of students participating in high-impact practices			99%		99%	No data available
Percentage of first-year students taking at least 15 credits	64%	65%	73%	73%	79%	83%

NDSU'S FOUR-YEAR GRADUATION RATE IS THE HIGHEST IN THE STATE.





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FALL 2018 ENROLLMENT

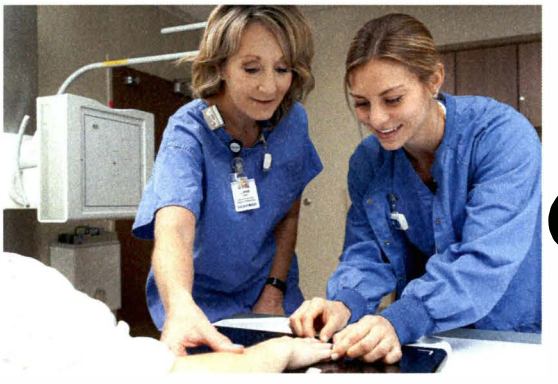
TOTAL ENROLLMENT	Undergraduate	Professional	Graduate	Total
	11,425	391	1,980	13,796
NORTH DAKOTA	4,986	199	956	6,141
Cass	2,601	120	703	3,424
Burleigh	537	19	65	621
Ward	145	4	22	171
Grand Forks	143	7	10	160
Richland	133	3	21	157
Morton	136	3	17	156
Stutsman	91	1	11	103
Stark	87	4	9	100
Williams	78	4	6	88
Traill	68	3	7	78
Barnes	55	2	10	67
Walsh	59	4	2	65
Dickey	44	4	6	54
Ransom	50	1	2	53
Ramsey	45	1	5	51
Mercer	42	4	2	48
McLean	44		3	47
Sargent	40	1	6	47
Rolette	39	1	2	42
Pembina	35		3	38
McIntosh	28	2	3	33
Emmons	29		3	32
Bottineau	27	1	3	31
Foster	28	2	1	31
McHenry	25		4	29
Wells	29			29
Benson	24	1	1	26
McKenzie	23		3	26
Eddy	23	1	1	25
Lamoure	22	1	2	25
Bowman	22		2	24
Renville	23		1	24
Cavalier	22		1	23
Mountrail	18	2	2	22
Dunn	17	1	3	21
Pierce	20		1	21
Hettinger	13			13
Logan	12	1		13
Nelson	11		2	13
Steele	13			13
Adams	11		1	12
Griggs	10		2	12
Towner	9	1	2	12
Golden Valley	10			10
Grant	9		1	10
Kidder	6		3	9
Divide	7			7
Burke	6			6
Sheridan	6			6
Sioux	6			6
Oliver	3		2	5
Billings	1			1
Slope	1			1
MINNESOTA	5,647	174	357	6,178
OTHER	792	18	667	1,477
TOTAL	**11,425**	**391**	**1,980**	**13,796**

Source: NDUS Fall 2018 Enrollment Report



Student-to-faculty ratio: **17:1**





SHARED SERVICES, COLLABORATIVE PROGRAMS AND EFFICIENCIES

SHARED SERVICES AND EFFICIENCIES:

North Dakota State University, Valley City State University and North Dakota State College of Science (NDSU, VCSU and NDSCS) have been meeting periodically to review how services can be shared across the institutions. Some items currently in place or being implemented include:

- **Human Resources and Payroll:** NDSU is providing the following Human Resources and Payroll services to NDSCS, VCSU, DSU and WSC and continues conversations with other institutions to provide similar types of services.
  - Benefits entry, HRMS Ben Admin process and benefits adjustments
  - Vendor balancing, payments and reporting
  - Employee taxable expense entry
  - Payroll reconciliations, tax payments, tax reporting, and garnishment processing
  - International Payroll Specialist who monitors and reports proper employment eligibility, work authorization and taxation and E-Verify submissions.

- **Purchasing:** Purchasing staff from the three institutions have been meeting periodically to share procedures and reviewing best practices. Practices being reviewed and implemented include:
  - NDSCS staff reviewed how Surplus Sales are handled at NDSU and implemented the same practice at NDSCS resulting in an estimates savings of 100 hours work annually. VCSU has also reviewed this process and is considering implementing the process.
  - NDSCS uses Perceptive Content for contracts and RFPs and has shared its setup with NDSU. NDSU is implementing Perceptive Content with an intention of sharing contracts and RFPs between the institutions, in addition to processing more efficiently within NDSU.
  - As current contracts expire, the three institutions will review to determine if an RFP can be shared. A primary consideration for sharing an RFP will be determined if the vendor can service the three various locations.

COLLABORATIVE PROGRAMS WITHIN THE NORTH DAKOTA UNIVERSITY SYSTEM:

- **Elementary Education:** Students may attend NDSU and earn an Elementary Education degree from VCSU while simultaneously earning a Human Development and Family Science degree from NDSU.

- **Social Work:** Students may attend NDSU and earn a Social Work degree from Minot State University (MSU) while simultaneously earning a Human Development and Family Science degree from NDSU.

- **Public Health:** NDSU and UND have a cooperative agreement in offering their respective Master of Public Health degrees and certificate programs. Each university has unique areas of specialization, but courses may be recognized and transferred between the universities. A Coordinating Council with membership from each university provides administrative oversight for areas of cooperation. In addition to academic programing, areas of cooperation also include working together to advance the cause of improving health practice in the State of North Dakota.

- **Biomedical Engineering:** NDSU and UND have received approval to offer joint graduate programs in biomedical engineering. These programs will begin being delivered in fall 2017.

- **Pathway Program:** New freshmen not granted admission to NDSU and meeting the minimum ACT sub-score requirement are offered the opportunity to enroll in the Pathway Program through NDSCS-Fargo. Pathway students live in the NDSU residence halls and may take up to 6 credits through NDSU per semester, while taking the remaining classes with their home institution of NDSCS. Students are allowed to transfer to NDSU after successfully completing required academic readiness courses and 24 transferable credits. Pathway students have access to all NDSU services.

- **Collaborative Student Procedure:** NDSU participates in the North Dakota University System (NDUS) Collaborative Student Procedure. Fully admitted undergraduate students in good academic standing are allowed to enroll collaboratively at another NDUS institution, subject to limitations. Students pay all charges for both institutions to their home institution.

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- **Reverse Transfer:** A reverse transfer process allow for credits earned at NDSU to be used towards a two-year degree. A reverse transfer process is in place with NDSCS and is serving as a template for a system-wide reverse transfer process.

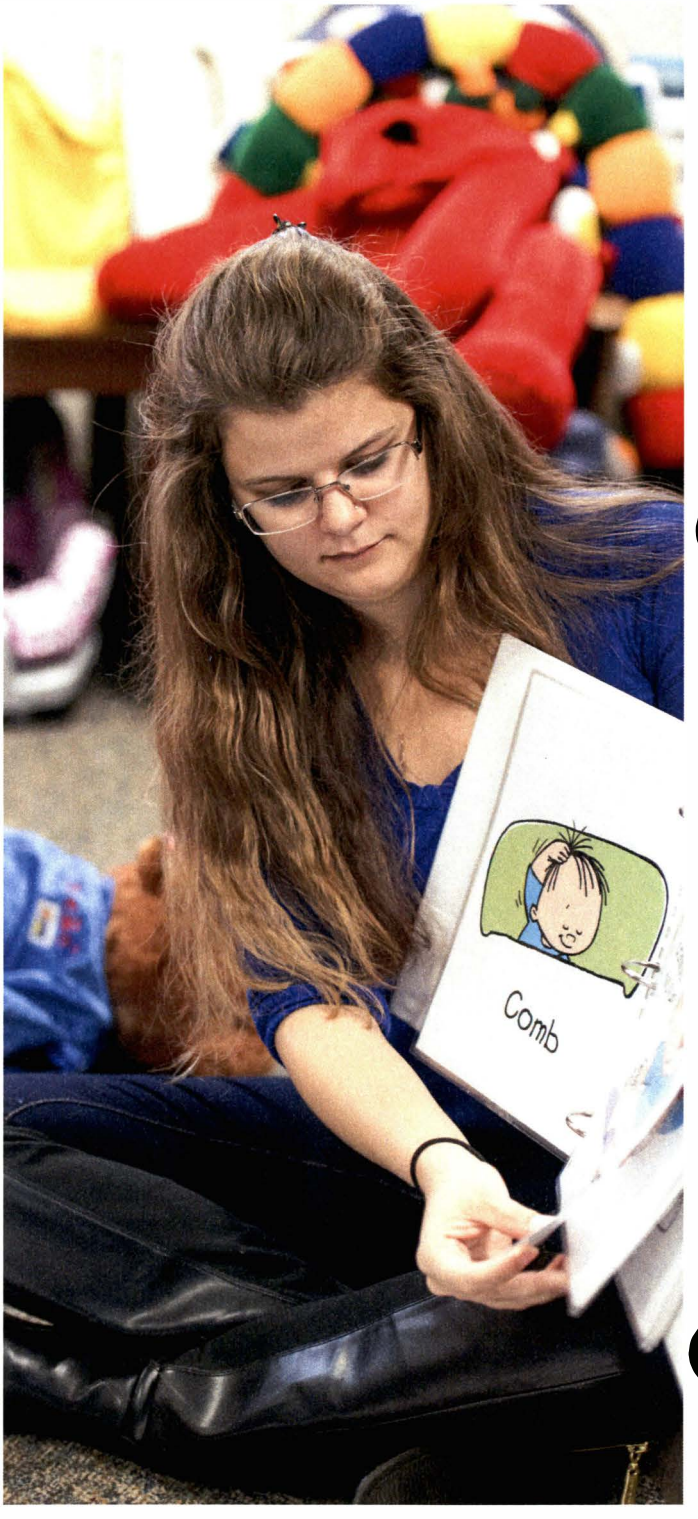
- **Articulation Agreements:** Articulation agreements are designed to improve student access to college degrees and avoid course duplication or loss of credit when students transfer. NDSU participates in the General Education Requirement Transfer Agreement (GERTA) which is an approved set of general education courses that are transferable between NDUS institutions and North Dakota's five tribal colleges. In addition, NDSU has formal agreements with BSC, DSU, LRSC, MSU, NDSCS and VCSU for specific undergraduate programs.

OTHER COLLABORATIVE PROGRAMS:

- **Tri-College University:** Tri-College University (TCU) started as a cooperative agreement between Concordia College, Minnesota State University Moorhead and NDSU. Tri-College University has now expanded to add Minnesota State Community and Technical College and NDSCS. TCU provides for undergraduate course exchange between the institutions.

- **GPIDEA and AG*IDEA:** Great Plains Interactive Distance Education Alliance (GPIDEA) is an academic alliance of 20 public university members that offers fully-online graduate and undergraduate coursework and program options in high demand professional fields. AG*IDEA, an affiliate of GPIDEA offers programs and courses in agriculture disciplines.

- **Sisseton Wahpeton College:** A memorandum of understanding between NDSU and Sisseton Wahpeton College aims to help American Indian students pursue advanced degrees. The agreement's objectives include 1) Providing transitional programs, support services and an articulation agreement for transferring credit to facilitate the transfer of students between the institutions; 2) Developing a faculty exchange program; 3) Identifying collaborative research, scholarship and service-learning projects.



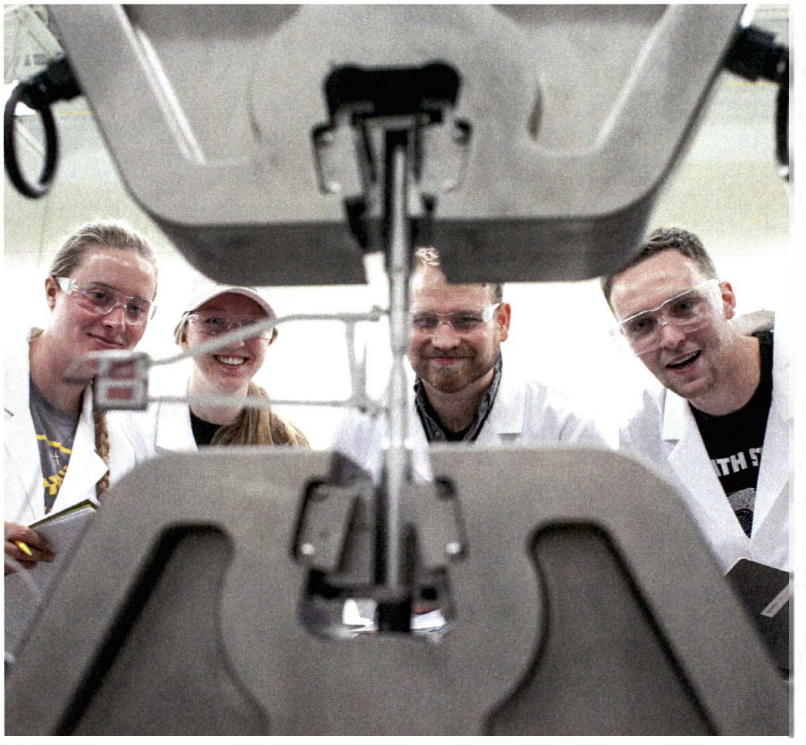
NDSU RESEARCH OVERVIEW

NDSU IS THE HIGHEST RANKING NORTH DAKOTA UNIVERSITY: FOR FY17 (MOST RECENT YEAR AVAILABLE) RANKED 91 AMONG PUBLIC INSTITUTIONS; 130 AMONG ALL INSTITUTIONS. NDSU RANKS 100 FOR NON-MEDICAL SCHOOLS.

TOP 100
NSF RANKING

For FY17, NDSU is listed in the top 100 public research universities in the U.S. in these categories:

- Agricultural Sciences (16)
- Natural Resources and Conservation (23)
- Material Sciences (18)
- Psychology (99)
- Social sciences (62)



Carnegie Commission on Higher Education: "Doctoral Universities: Higher Research Activity"



>$1.9B RESEARCH EXPENDITURES SINCE FY2004

$145.6M in FY2018, per NSF Higher Education Research and Development (HERD) Survey

(FY18 submitted and accepted by the National Science Foundation but is not yet published)

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NDSU RESEARCH ACCOMPLISHMENTS

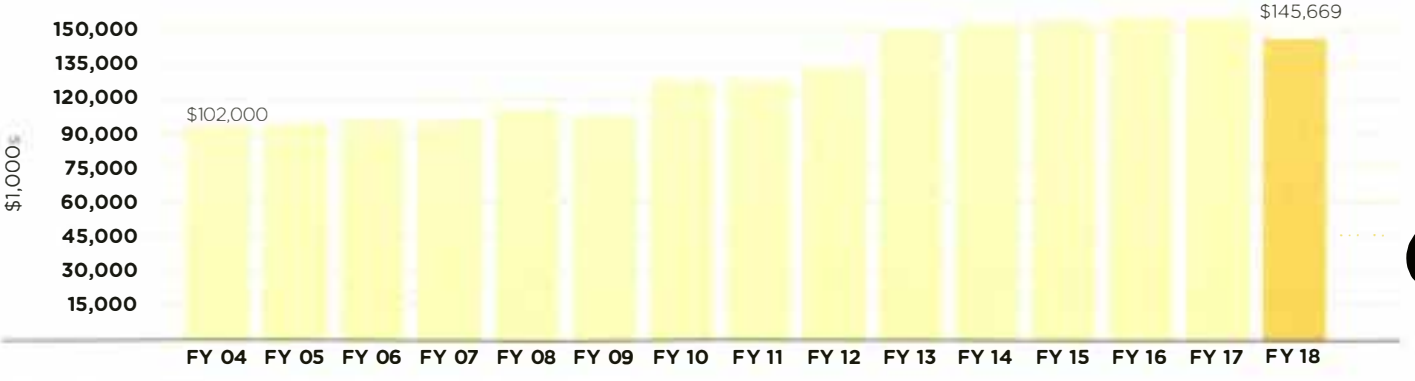
FY18 PROPOSALS PROCESSED THROUGH SPONSORED PROGRAMS ADMINISTRATION

Private sector	99
Commodity Groups	283
Federal agencies	509
Foundations	206
Other	9
Other Governmental Offices	33
State/Local	75
TOTAL	**1,214**



GROWTH OF NDSU RESEARCH AND DEVELOPMENT EXPENDITURES

MORE THAN $1.9 BILLION IN RESEARCH EXPENDITURES SINCE FY2004; $145.7 MILLION IN FY2018



Source: National Science Foundation Higher Education Research & Development Survey *FY18 reported to and accepted by National Science Founations but is not yet published

RESEARCH FOUNDATION ACCOMPLISHMENTS

370+

MORE THAN 370 TECHNOLOGIES/IP UNDER MANAGEMENT

31+

AVERAGING MORE THAN 31 POTENTIALLY PATENTABLE INVENTIONS PER YEAR SINCE 2004

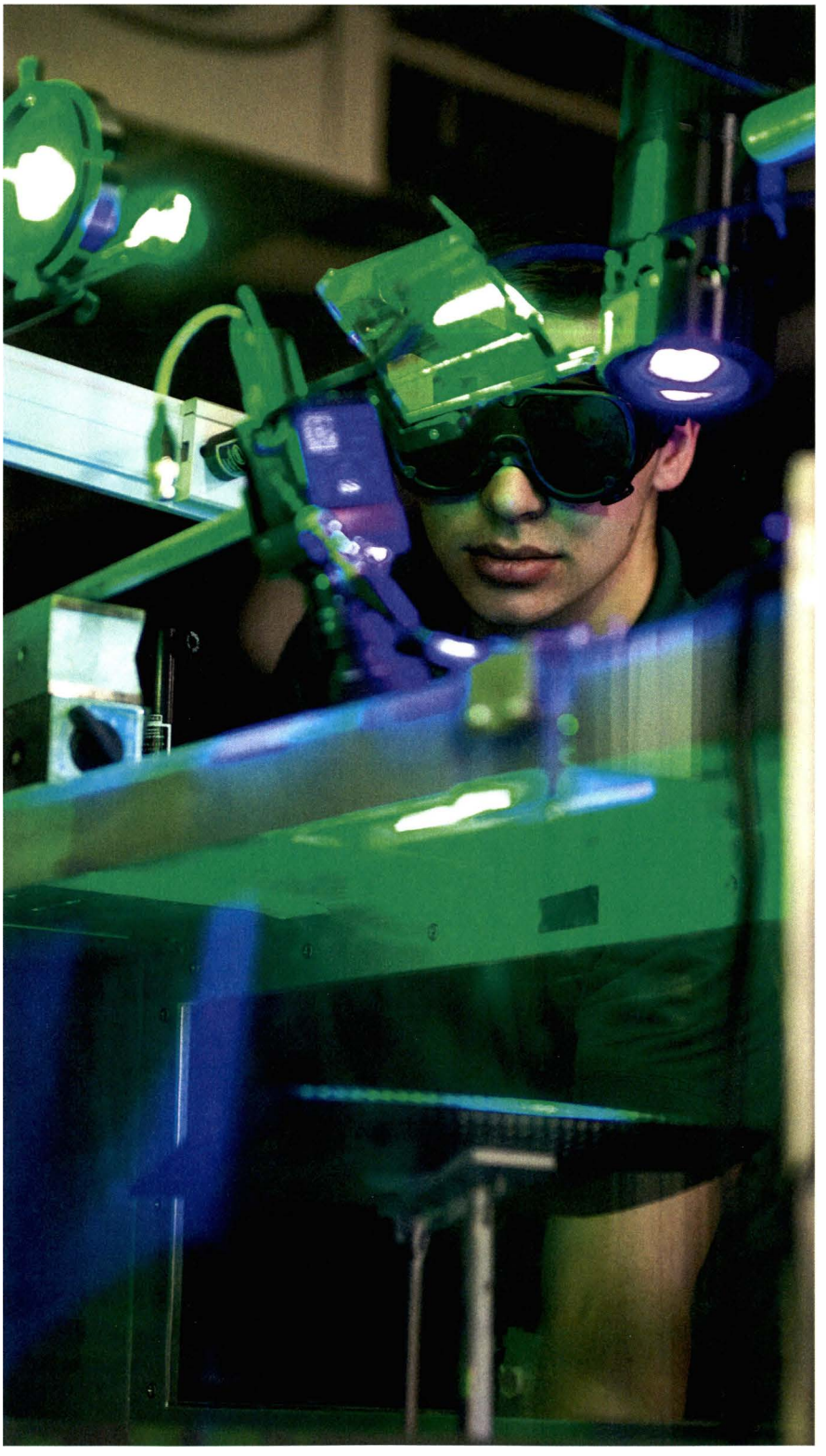
62

62 U.S. ISSUED PATENTS
35 PENDING PATENT APPLICATIONS



57

57 ACTIVE US PVP CERTIFICATES
27 FOREIGN PBR REGISTRATIONS
36 REGISTERED U.S. TRADEMARKS
19 FOREIGN REGISTERED TRADEMARKS
11 PENDING PVP APPLICATIONS



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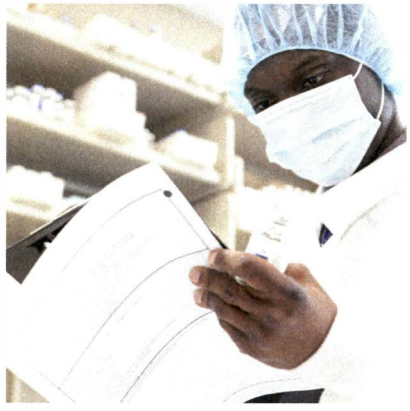
CORPORATE PARTNERS

Private Sector Partners engaged in R&D with NDSU research (including Centers of Excellence, Centers of Research Excellence, Research ND, or other centers/units)

AdvanSix
Akzo Nobel Coatings Inc
American Crystal Sugar Company
Ardent Mills
Arenus
BASF Corporation
BioConsortia, Inc
BNI Energy, LTD
Boeing Commerical Airplane Company
Brewer's Association, Inc
C2renew Corporation
c2sensors corporation
CHS, Inc.
Cogi, Inc.
Comfort King
Coteau Properties Company
Covestro LLC
Coyote Creek Mining Company, LLC
D&M Industries
Dakota Munitions
Doodlebug Beverages
Dow AgroSciences
Elsevier Science
Falkirk Mining Company
Ford Motor Company
Frostime LLC
Google Inc.
GreenLight Biosciences, Inc.
Hillard Heintze
Horton Inc.
J.R. Simplot Company
John Deere & Company
KDK Consulting
Klondex Mines Ltd.
Koch Agronomic Services, LLC
Lignite Energy Council
Meadowlark
Merck & Company Inc.
Mid American Athletic Trainers' Assn.
Monsanto Co.
Multimin USA, Inc
Myriad Mobile
ND Academy of Nutrition and Dietetics
ND Association of Rural Electric Coop
ND Farmers' Union
ND Insurance Reserve Fund
ND Natural Resources Trust
ND Petroleum Council
ND Rural Rehabilitation Corp.
ND School Nutrition Association
ND Township Officers Association
ND Trade Office
New Generation Supplements
North American Coal Corporation
Northern Plains Railroad
Northern Plains Sustainable Agriculture Society
PepsiCo, Inc.
Pioneer Hi-Bred International Inc.
PMI Nutritional Additives
PPG Industries
Rapha Global
Red River Valley & Western Railroad
Richland IFC, Inc.
Shimadzu Scientific Instruments
Shire
Speculoop, LLC
Sunstrand LLC
Syngenta Crop Protection Inc.
Synoptic Data Corp.
Tesoro Logistics Operations, LLC
TrackR, Inc.
Uniqarta
Valent
Valspar Corporation
Vision West ND
Weave Got Maille LLC
West Cental Inc.
Zymergen, Inc.

$1.5M

$1.5 MILLION IN LICENSING REVENUE FROM NDSU IP IN FY18



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NDSU RANKED 24TH OUT OF 50 LAND-GRANT UNIVERSITIES
(2016 AUTM LICENSING SURVEY)

NDSU RANKED 8TH OUT OF 26 LAND-GRANT UNIVERSITIES WITHOUT A MEDICAL SCHOOL
(AUTM 2016 LICENSING SURVEY)

7

7 STARTUPS BASED UPON NDSU TECHNOLOGIES AND/OR IP SINCE 2010:
Elinor Specialty Coatings, LLC
C2renew Inc.
Renuvix, LLC
HQC Biosciences Inc.
C2sensor Inc.
Uniqarta, Inc.
Dark Horse Technologies

2017-19 BUDGET REDUCTIONS

The 65th ND Legislature reduced budgets for all state agencies because of the state's economy; the budget has no funding for general salary increases but included funding for the completed student credit hour formula and fully funded benefitted employee health insurance. As a result, NDSU's 2017-19 biennial general fund (base and one-time) budget was reduced by $26,649,451 (16.9%) when compared to the 2015-17 original base.

The 2017-19 biennial reduction is comprised of a permanent base operating general fund reduction of ($27,719,498), a one-time operating reduction of ($564,807) and a one-time increase for the Minard Hall unrecoverable collapse-related costs of $1,634,854.

The FY2018 annual budget was prepared using a collaborative process, and at the request of the President the Provost convened a budget study workgroup that met weekly from the end of February 2016-June 2016. The study group collected and evaluated recommendations to address NDSU's reduction in general fund appropriation. Resources have been allocated with consideration of the study group recommendations based on likelihood of cost savings and effect on core mission as a student focused, land grant, research university.

In order to effectively support NDSU's strategic plan and the SBHE strategic plan, no across the board reallocations were considered, we increased our focus on quality improvement by focusing on what works, supported by assessment, data and evidence, previous budget reductions and their impact on units were taken into account.

To address the reduction, the following initiatives have been implemented:

Academic Affairs has eliminated administrative positions and streamlined administrative functions where possible. The College of University Studies has been eliminated and students have been moved into other colleges. Collegiate and Divisional reductions have occurred with eliminations of vacant positions, realignment of staff to serve more departments and a reduced reliance on part-time and adjunct faculty instructors. Deans were asked to reallocate salary lines to meet teaching needs of programs and minimum course size requirements have been implemented. Requests to hire positions are evaluated for centrality to NDSU's mission and may be permanently eliminated or reallocated to other units and/or departments in order to strengthen core functions.

After extensive consideration and input including the ND University System Chancellor, the senior administrative structure and related positions for the Division of Student Affairs has been eliminated and the remaining units have been realigned under other divisions within the University effective July 1, 2017. This measure is being taken to streamline administrative functions and preserve the student affairs programs and positions that directly affect students, with savings used to limit further reductions to the faculty ranks. No student services will be cut because of this realignment; only administrative positions have been impacted.

Across the institution where possible, on appropriated funds, 62 FTE positions have been eliminated, 17 FTE reductions in force and operating budgets have been reduced. Programs for voluntary separation and faculty phased retirements were offered and 37 positions have been accepted.

Finding efficiencies and implementing cost reductions

We have implemented Academic Performance Solutions (APS), a solution "designed to empower academic and financial leaders with the department-specific performance and cost data – as well as reliable peer benchmarks – they need to make more effective decision."[1] We are using the data available in the platform to assess costs and find efficiencies in our academic operations. In response to an expected decline in enrollment for Fall 2018, we will seek permanent reductions through:

- identify opportunities for eliminating low enrollment courses to reduce appropriated funding being deployed for part-time academic and contingent instructors, thus providing salary savings
- further reducing operating budgets
- reducing or eliminating functions and programs that are less central to NDSU's mission.

[1] https://www.eab.com/technology/academic-performance-solutions

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2017-19 ADJUSTED GENERAL FUND BASE APPROPRIATION

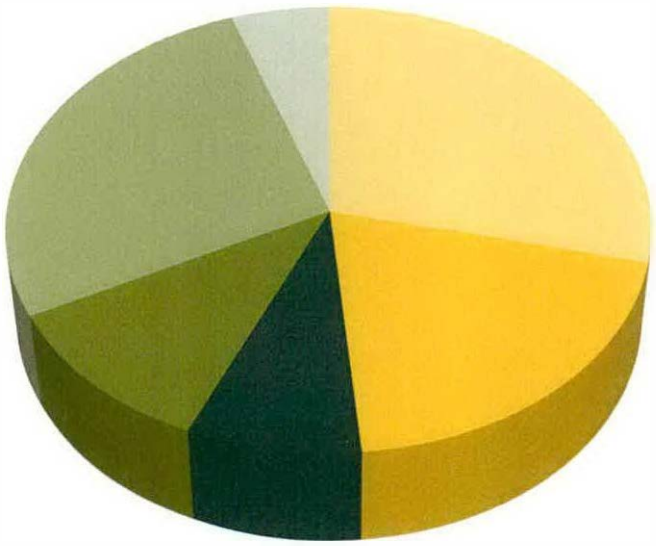
NORTH DAKOTA STATE UNIVERSITY SUMMARY	FINAL ENROLLED SB2003
2015-17 Adjusted General Fund Base Appropriation	**$157,410,540**
2015-17 Base Adjustment-6.55% Allotment reduction	**(10,354,616)**
2015-17 Adjusted General Fund Appropriation, Net of Base Adjustments/Post-allotment	**147,055,924**
2017-19 Base adjustments:	
Funding formula: Credit hour completion adjustment	2,886,790
2017-19 Health insurance increases	1,211,316
Funding formula additional reduction	(21,462,988)
Total Base adjustments	**(17,364,882)**
Base General Fund Request & Recommendation	**$129,691,042**
GF Base % change	**-17.6%**
GF Base $ change	**$(27,719,498)**
Optional Base Budget Request	
Restoration of 10% budget reduction	-
Total Base General Fund Request & Recommendation	**$129,691,042**
State Funded Capital Project Request-Dunbar	**-**
One time: College of Nursing program adjustment	**(1,100,000)**
One time: Operating Funds	**535,193**
One time: Deficiency Appropriaton-Minard Hall (HB1015 Sec. 6)	**1,634,854**
Total General Funds-Base and one time	**$130,761,089**
GF Base % change including one time adjustments	**-16.9%**

1/ Executive/Legislative Recommendations include a reduction to the 2015-17 base for the 6.55% allotment
2/ SBHE approved budget request for NDSU includes a 10% reduction
3/ Increase in student credit hours calculated at 90% of the 2015-17 SCH rate of $72.63 or $65.37 per SCH
4/Salary increases were not funded for the 2017-19 biennium; health insurance premiums increased 9.8% and remains fully funded.

NDSU received approval for a 4% tuition increase for FY2018 and FY2019.

NORTH DAKOTA STATE UNIVERSITY
OPERATING REVENUES FY18 = $411.8M

Tution and Fees	$120.0	29%
State Appropriations	$112.0	27%
Grants and Contracts	$80.9	20%
Auxillary Enterprises	$45.3	11%
Sales and Services-Other	$32.7	8%
Other Operating	$20.9	5%
Total	**$411.8**	**100%**



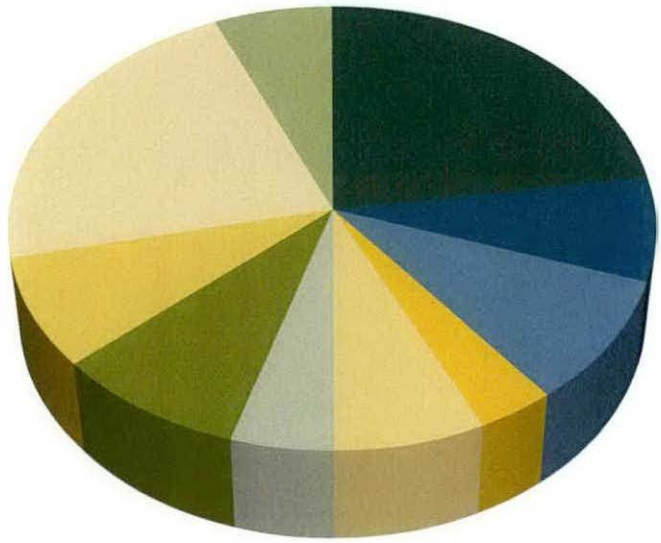
Auxiliary Enterprises are the self-supporting activities of the campuses, such as bookstore, food service and housing.

Sales and Services of Educational Departments includes revenues related incidentally to instruction, research, public service and revenues of activities that exist to provide instructional and laboratory experience for students and incidentally creates goods and services that may be sold to students, faculty, staff and the general public. Examples are advertising in campus publications, fees for conferences organized by the institution and ticket sales for campus theatrical and musical events.

Source: Audited NDUS Financial Statements, June 30, 2018

NORTH DAKOTA STATE UNIVERSITY
OPERATING EXPENSES FY18 = $404.9M

Instruction	$92.8	23%
Research	$88.7	22%
Student Services	$36.9	9%
Auxiliary Enterprises	$35.7	9%
Public Service	$32.8	8%
Academic Support	$30.6	7%
Physical Plant	$28.0	7%
Depreciation	$25.4	6%
Scholarships and Fellowships	$19.7	5%
Institutional Support	$14.3	4%
Total	**$404,947,699**	**100%**



The instructional function includes expenses related to instruction (e.g. classroom, distance ed and continuing education) and instructional support. Academic support includes libraries, academic deans, and other departments that directly support the academic unit of the campuses. Student services include offices that provide a specific service to students, including career services, registration, admission and counseling. Institutional support includes staff that supports the institution as a whole (e.g. business office, IT support and president's office). The physical plant function includes upkeep, maintenance and utilities for campus facilities. Scholarships and fellowships include aid provided to students. Auxiliary enterprises are the self-supporting activities of the campuses, such as bookstore, food service and housing. Depreciation represents the non-cash expense of capitalized assets over time. Public service includes activities established primarily to provide non-instructional services that are beneficial to individuals and groups external to the institution. The Research function is activities specifically organized to produce research.

Source: Audited NDUS Financial Statements, June 30, 2018

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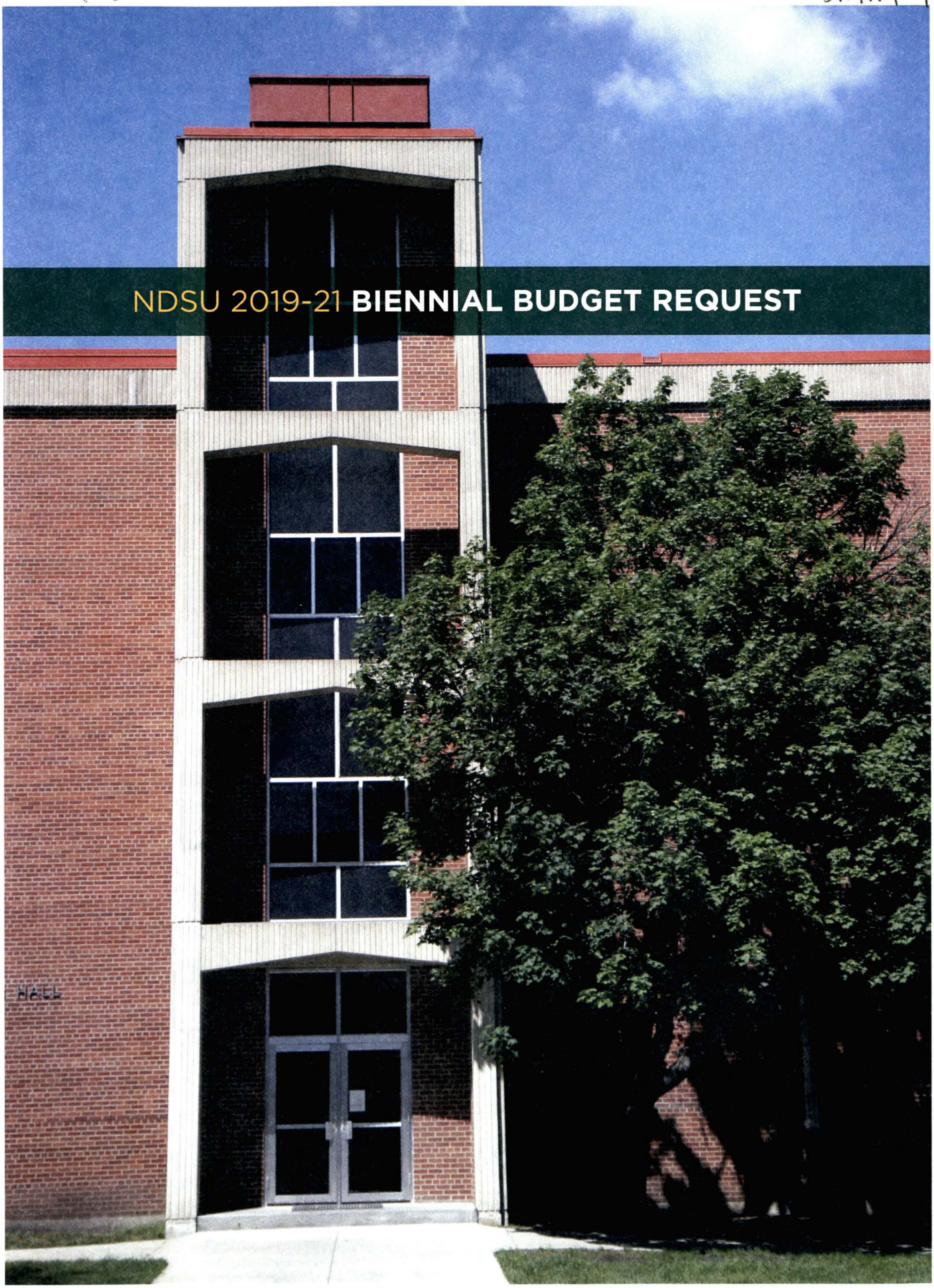
NDSU 2019-21 BIENNIAL BUDGET REQUEST



2019-21 BIENNIAL BUDGET REQUEST

NDSU HAS PREPARED A NEEDS BASED BUDGET FOR CONSIDERATION AS APPROVED AND DIRECTED BY THE NORTH DAKOTA SBHE.

BASE BUDGET REQUEST	
Formula decrease due to student credit hour production	$(716,330)
Salary compensation increase 4% each year	$5,461,169
Base Budget Increase	$4,744,839
Optional Base Budget Request	
SB2003 Task Force-College & Career Development Coordinator (1 FTE)	$121,500
Systemwide Technology Initiatives Digital Initiative-Research Networks: $850,000 High Performance Computing: $2,000,000	$2,850,000
Optional Base Budget Increase	$2,971,500
Optional One-time Request	
Academic, Technology, Infrastructure Campus needs-operating	$1,000,000
TOTAL BASE AND ONE-TIME REQUESTS	**$8,716,339**

CAPITAL PROJECT REQUEST	
General Fund Project	
Dunbar *ranked #2 by the SBHE to address Life-Safety Issues and Deferred Maintenance*	**$51,350,000**
Non-General Fund Projects	
Private Donations:	
Barry Hall Renovation	$3,000,000
Indoor Practice Facility	$37,200,000
Softball Facility	$2,000,000
Revenue Bonds	
University Village Apartments-Phase 2	$37,600,000
TOTAL NON-GENERAL FUND PROJECTS	**$79,800,000**

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2017-19 INSTITUTION FORMULA FUNDING — BEFORE GUIDELINE REDUCTION

INSTITUTION	2017-19 BASE BUDGET	2015-17 ADJUSTED SCH	STATUTORY RATE PER SCH	2019-21 BASE BUDGET	CHANGE FROM 2017-19	
BSC	$30,600,597	320,093	$93.03	$29,778,252	$(822,345)	-3%
DCB	$7,652,945	79,753	$93.03	$7,419,422	$(233,523)	-3%
LRSC	$12,700,623	133,374	$93.03	$12,407,783	$(292,840)	-2%
NDSCS	$35,089,376	376,489	$93.03	$35,024,772	$(64,604)	0%
WSC	$8,360,503	103,727	$93.03	$9,649,723	$1,289,220	15%
DSU	$17,806,843	202,166	$86.95	$17,578,334	$(228,509)	-1%
MASU	$14,249,605	180,486	$86.95	$15,693,258	$1,443,653	10%
MISU	$39,750,979	430,708	$86.95	$38,160,940	$(1,590,039)	-4%
VCSU	$20,429,502	232,450	$86.95	$20,211,528	$(217,974)	-1%
NDSU	$128,591,042	2,180,302	$58.65	$127,874,712	$(716,330)	-1%
UND	$191,944,182	3,300,279	$58.65	$198,528,171	$6,583,989	3%
SOMHS RESIDENCY PROGRAM				$5,709,342	$5,709,342	
TOTALS	**$507,176,197**	**7,539,827**		**$518,036,237**	**$10,860,040**	**1%**

Prepared by ND University system office

TUITION RATE INCREASE TO COVER 4% ANNUAL SALARY INCREASES

INSTITUTION	GENERAL FUND	OTHER FUNDS	TUITION	TOTAL ALL FUNDS	ANNUAL INCREASE TO COVER TUITION BASE BUDGET	REVENUE GENERATED 1% ANNUAL TUITION INCREASE
					ASSUMES CONSTANT ENROLLMENT LEVELS	
BSC	$1,326,732	$583,799	$979,288	$2,889,819	2.4%	$413,735
DCB	308,695	87,427	105,923	502,045	1.5%	71,208
LRSC	489,519	246,985	397,554	1,134,058	2.9%	135,278
NDSCS	1,500,469	690,711	577,422	2,768,602	2.2%	266,684
WSC	252,014	383,851	207,410	843,275	2.6%	79,138
DSU	887,035	92,443	430,547	1,410,025	2.1%	208,558
MASU	553,183	464,075	299,739	1,316,997	1.7%	174,130
MISU	1,560,227	695,636	1,247,999	3,503,862	2.8%	444,943
VCSU	798,296	221,255	455,921	1,475,472	2.2%	206,423
NDSU	5,461,169	4,490,981	7,538,661	17,490,811	2.3%	3,259,830
UND	5,312,443	9,209,612	6,332,491	20,854,546	2.1%	3,049,016
UND SMHS	2,994,394	2,836,197	1,255,954	7,086,545	4.3%	289,715
TOTAL	**$21,444,176**	**$20,002,972**	**$19,828,909**	**$61,276,057**		**$8,598,658**

Prepared by ND University system office

OPTIONAL BASE BUDGET REQUEST: $2,971,500

COLLEGE AND CAREER DEVELOPMENT COORDINATOR: $121,500

As recommended in the SB2003 taskforce report, funding is requested to support one FTE position to provide support college planning and placement information, as well as industry training and testing opportunities to best advise individual students.

SYSTEMWIDE TECHNOLOGY INITIATIVES: $2,850,000

Digital Initiative-Research Networks: $850,000
To support sustainable advanced research network funding and enable connectivity for all institutions in the University system to Internet2. This connectivity provides opportunities to participate in the national network and fosters collaboration with other research institutions by moving very large data sets between institutions.

High Performance Computing: $2,000,000
To facilitate scientific discovery and creative endeavors through the use of super computers, advanced networks, and advanced storage systems. This capacity is important to support research institutions who need to analyze large data sets utilizing parallel processing techniques, which are a function of high performance computing (e.g. genetics/genomics or physics/engineering simulations).

OPTIONAL ONE-TIME REQUEST: $1,000,000

Funding pool for campus one-time academic, technology or deferred maintenance needs.

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2018 NDUS PROJECT SCOPE AND COST ESTIMATING WORKSHEET

DUNBAR II (Dunbar Hall Replacement)

NDSU PRIORITY #1 — $51,350,000

Project type based on percentage of cost as per NDSU's Master Plan section 3:

5% PED	PED 3	(College of Science and Mathematics)
35% DMP	DMP 1	(Dunbar)
60% LSS	LSS 1	(Dunbar)

MASTER PLAN ALIGNMENT

NDSU strives for educational excellence as the state's land grant research university, with both teaching and research as its foundation. However, the current condition of Dunbar Hall is in stark contrast to this mission. As such, two options were considered in order to meet the program and space needs surrounding the facility:

1. Construct a new building (referred elsewhere in the document as Dunbar II) and demolish the current Dunbar I; and

2. Renovate the current facility and build an addition to it.

The decision was made to construct a new facility. The building's deferred maintenance amount exceeded the 65% threshold established by the NDUS that prompts demolition instead of repair. Additional factors that contributed to the decision included:

- The reduction in assignable space, a loss of laboratories and a setback to the mission of the university that would occur by only renovating Dunbar
- The overall configuration and dimensions of Dunbar's current labs not meeting room size and program need requirements
- The additional costs to extend the project schedule in order to build the addition, move current tenants into it, renovate the original Dunbar Hall, and move the occupants back
- The cost savings realized by moving building occupants only once during the construction process (into the new building) versus multiple times for the renovation and then the addition.

Construction of a new six-story building (Dunbar II) will address significant life/safety/security (LSS) issues, deferred maintenance priorities (DMP), and program and enrollment driven needs (PED). For example, many of the building's deferred maintenance items have grown into life/safety/security problems:

- **Fire system** – Dunbar does not contain sprinklers and many of the experiments conducted in the building utilize highly volatile pyrophoric materials. The fire department determined it was too risky to attempt to combat a fire there under these conditions. In 2017, the fire marshal required NDSU to move some of the research experiments to a leased facility and to suspend some other activities in the building due to the lack of fire protection and space. This move has been detrimental to research activities. A minimal chemical suppression system was installed in the basement of Dunbar but there are still some chemicals that need to be removed, even with the installation.
- **Fume hoods** – Improperly functioning fume hoods cannot adequately remove the hazardous vapors from chemical experiments in the building. Most of this equipment is obsolete so proper repair is impossible. Its replacement is also not an option due to the HVAC concerns noted below. The result is dangerous and unhealthy conditions for faculty, staff and students.
- **HVAC** – The HVAC system is beyond its useful life and has experienced numerous temporary failures that result in building evacuations and disruption of both classes and research experiments. It is not feasible to repair the system while the building is occupied because it is a common system with no redundancy.
- **Plumbing** – The chemicals used in the facility have degraded the infrastructure, including the piping. The plumbing materials are well beyond their useful life and, in some cases, are creating unsafe conditions for the building occupants. To further complicate matters, sections of piping are located in an isolated chase that makes accessing and replacing them impossible.

Program and enrollment issues increase the life/safety/security problems. For example:

- NDSU's functionality to perform leading edge research and remain as a top 100 public research university is constrained with eliminating some of the chemical usage in the building.
- It is difficult for faculty and researchers to efficiently perform their jobs having labs located in two different locations.
- The inadequate facilities also hinder NDSU's ability to seek much needed grant funding.
- Research laboratory space is limited so equipment has been installed in lab aisles. This blocks essential egress paths in the building.
- Lab bench and lab storage areas are further overcrowded with the increase in necessary bench-top equipment.
- The building's electrical system is incapable of handling the additional equipment needed for today's teaching and research activities.
  - Equipment has been identified but cannot be installed until adequate electrical capacity becomes available.
- Additional and larger teaching labs and research labs are needed.
  - Faculty, staff and students attempt to share spaces through the use of "imaginary" walls, further aggravating safety and security concerns.

- Separate graduate student work space is needed. The number of graduate students has steadily increased, but no new work space has been acquired.
  - As a consequence, graduate student work space currently sits in the middle of an active research laboratory.
- Faculty offices are located at the back of the labs without a separate access point, so students are regularly exposed to unsafe conditions to access faculty during office hours.
  - In order for students to meet with the faculty, they must walk through an active research lab.
  - In general, students don't wear proper personal protective equipment in the lab area if they are there simply to meet with a faculty member.
  - With the campus growth, there are no other spaces available to move the faculty, and reconfiguring the current spaces to allow for separate access would either require a major building renovation or result in lost efficiencies by creating corridors to the offices.
- Dunbar has two main entrances but each requires using steps. The only other entrance to the building is through Ladd Hall and a connecting corridor.
  - There is a shared freight elevator adjacent to Ladd Hall but it is not ADA compliant or set up for general public use.

Additional deferred maintenance items not included above include:

1. The cooling system is at full capacity, does not meet the needs of the building, and is well beyond its useful life.
2. The windows are single paned, inefficient, and have contributed to poor research experiment results based on lack of environmental controls.
3. The flooring is original to the building and most of it contains asbestos, a material we are striving to reduce on campus.
4. The foundation is not waterproofed nor does it have drain tile, something a new building would have.
5. The building has never been tuck-pointed and the mortar is beginning to crumble. This would need to be repaired if the building remains in use.

SCOPE OF WORK

The proposed Dunbar II will be a six-story, approximately 106,000 square foot, laboratory-intensive building that will blend into the surrounding campus architecture while meeting a sustainable building design. The mechanically intensive facility will be designed for energy efficiencies, proper fire protection, proper research design considerations, ADA requirements and current building codes. The site location is central to the campus with minimal staging area available so, at this time, the intended delivery method will be CM@R to insure efficiencies on all subcontractor coordination.

The plan will be to consolidate services for the Department of Chemistry by relocating the laboratories currently have had to be spread out across the campus due to declining conditions in the existing Dunbar Hall into this new building. A portion of the Department of Coatings and Polymeric Materials will be included in the building for synergetic efficiencies to improve overall student experience.

The initial space program is as follows:

- Once the new Dunbar II building is operational, the activities in the existing Dunbar I will be moved over, as will the other Chemistry-related activities presently located in the Quentin Burdick Building (QBB) and Research 1 Addition (R1A).
- A few rooms in Ladd will be relocated into the new Dunbar II building and a few rooms from Dunbar will be shifted to Ladd.
- Some of the activities that were moved to R1 or R2 due to the fire marshal requirements will be moved into the new facility.
- Once all the moving has been completed, the existing Dunbar will have the environmental materials removed, the building will be torn down and the skywalk connection will be finished off.

The tentative project schedule would be:

1. Obtain Legislative authorization in May, 2019
2. Hire an architect after Legislative authorization
3. Hire a CM@R contractor after the architect is hired
4. Begin construction based on their recommendation and plan
5. Complete the building in late 2021
6. Complete the project, including demolition of the existing Dunbar I, sometime in 2022.

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PROJECT COST ESTIMATE

DUNBAR II

Project Total 51,350,000.00

Construction Costs

General	$18,490,534.00
Mechanical	$12,829,180.00
Electrical	$5,498,220.00
Site Work	$425,060.00
Landscaping	$ -
Demolition	$ 855,680.00
IT	$392,000.00
Other	$ -
Sub Total	**$38,490,674.00**
Contingency	$6,178,050.00
Total Construction	**$44,668,724.00**

Soft Costs

Design Fees	$3,126,811.00
Owner Costs	$60,000.00
Permits	$40,000.00
Advertising	$2,000.00
Other	$1,120,000.00
Sub Total	**$4,348,811.00**
Contingency	$652,465.00
Total Soft Costs	**$5,001,276.00**

FF&E - Property Costs

FF&E	$1,680,000.00
Land Acquisition	$ -
Total FF&E/Other	**$1,680,000.00**

FUTURE OPERATING COSTS: $150,000

The overall utilities costs will increase as a result of a larger building footprint, meeting current building codes and additional air flow that meets current ventilation shortfalls. An updated mechanical system with any possible heat recoveries will be investigated to minimize these increases.

FURNITURE, FIXTURES, AND EQUIPMENT

Some FF&E will be a part of this project and there may be additional FF&E purchased outside of the project.
Source of Funds: 1. General fund appropriation

SHARED SERVICES/EFFICIENCIES/ PHASING - PLANNING

SHARED SERVICES

The new facility will be designed with shared labs that can easily be modified to accommodate new research and new researchers.

EFFICIENCIES

Our ability to compete for state, corporate and federal grants is hampered by the lack of space for research activities. Improving the safety of lab facilities will increase the number of undergraduate researchers that we can incorporate into our research activities. The shared lab concept allows us to reduce the cost of startup packages for new researchers.

PHASING-PLANNING

The building size is not conducive to building sections at a time without adding unjustifiable additional expenses to the project. The component that could possibly be delayed for future funding would be the asbestos removal from the existing Dunbar and then its demolition.

DUNBAR II
SPACE PROGRAM

SPACE INFORMATION		HOODS	ADDITIONAL SPACE NEEDS			
FACULTY PI	CURRENT LAB & OFFICE SPACE (FT²)	# HOODS	ADDITIONAL SPACE FOR PERSONNEL (FT²)	ADDITIONAL LABS (FT²)	ADDITIONAL SPACE NEEDS FOR EXISTING EQUIPMENT (FT²)	
CHEMISTRY						
Boudjouk	0	6	200	1,150	0	
Burghaus	644	1	200		100	
Colbert	1,325	2	350		250	
Cook	1,989	4	350		220	
Haring	1,360	2	500		300	
Hershberger	1,249	1	0		0	
Jayaraman	2,369	4	550		200	
Kilin	0	0	250	900	150	
Kilina	833	0	50		0	
Liu	1,231	2	250		100	
Lukat-Rodgers	88	0	0		0	
Parent	1,335	3	250		150	
Rasmussen	1,802	6	500		100	
Rodgers	2,059	2	200		550	
Sibi	3,401	6	450		0	
Sinha	1,552	1	250		300	
Srivastava	1,813	2	300		100	
Sun	1,927	5	150		0	
Wilkinson	1,140	2	250		0	
Yang	1,500	1	250		200	
Zhao	1,361	4	300		300	
TOTALS	28,978	54	5,600	2,050	3,020	
Bagu, Wanner	1,104	0	100		200	NMR
Bagu, Wanner	213	0	50		100	ESR
Ugrinov	777	1	75		100	Mass spectrometry
Ugrinov	541	0	50		0	X-ray diffraction
Balasubramanian	685	2	125		500	Core synthesis
Wang	1,452	2	125		300	Core biology
TOTALS	4,772	5	525	0	1,200	
INFORMATION TECHNOLOGY	226				200	
Shipping/receiving	100				300	
Chemical storage	436				1,750	
Upper level lab				1,750		
Stockroom	1,630				150	
Resources/room	0				1,000	
Dept Office space	0		450			
TOTALS	2,392	0	450	1,750	3,400	
COATINGS AND POLYMERIC MATERIALS						
Faculty offices			240			
Faculty lab				300		
Intro classroom				1,600		
Upper level lab				1,000		
Lab - pending hire				800		
Graduate area/offices					500	
Display cases					800	
Student Lounge					300	
Department space					300	
Storage					500	
TOTALS	0	0	240	3,700	2,400	
BIOCHEMISTRY/COATINGS AND POLYMERIC MATERIALS						
Staff					440	
Wilkinson					1,140	
Colbert					1,325	
Sinha					1,552	
Sibi					1,550	
Other					400	
Srivastava					1,800	
TOTALS	0	0	0	0	8,207	
OTHER						
Exhange spaces in Ladd					1,000	
TOTAL ADDITIONAL ASSIGNABLE SPACE				33,542		
DUNBAR CURRENT ASSIGNABLE				23,987.00		
PROGRAM FOR DUNBAR II				57,529.00		
GROSS UP FACTOR				1.85		
PROGRAM DUNBAR II GROSS SQ FT				106,428.65		

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2018 NDUS PROJECT SCOPE AND COST ESTIMATING WORKSHEET

RICHARD H. BARRY HALL

SPACE REPURPOSE & RENOVATION - [UP TO] $3,000,000

Project type based on percentage of cost as per NDSU's Master Plan section 3: 100% PED

MASTER PLAN ALIGNMENT

The Richard H. Barry Hall (Barry Hall) opened in August 2009 as home to the College of Business, the Department of Agribusiness and Applied Economics, the Center for Global Initiatives and Leadership, and the North Dakota Trade Office. Offices and departments currently located in Barry Hall are:

- College of Business, including:
  - Accounting, Finance and Information Systems Department
  - Management and Marketing Department
  - Transportation, Logistics and Finance Department
  - Center for Professional Selling and Sales Technology

- Department of Agribusiness and Applied Economics
  - Quentin Burdick Center for Cooperatives
  - Center for Agricultural Policy and Trade Studies
  - Center for the Study of Public Choice and Private Enterprise
  - Center of Risk and Trading

The College of Business (CoB) offers a variety of undergraduate and graduate programs that provide students with a quality education in the functional areas of business, an exposure to global business issues, and an introduction to technologies that will be a part of their work life. In addition to six undergraduate majors and a second major in Global Business, the college offers several minors including a unique program in Fraud Investigation. The Center for Professional Selling and Sales Technology offers students an opportunity to earn a certificate in professional selling. Graduate programs in accountancy and business administration are also available to qualified students.

The College is accredited by AACSB International – The Association to Advance Collegiate Schools of Business. Accreditation confirms an institution's commitment to quality and continuous improvement through a rigorous and comprehensive peer review process. NDSU is one of only three schools in North Dakota and western Minnesota with AACSB International accreditation.

The College of Business is committed to providing students with a quality education in the functional areas of business, a systematic exposure to the global business issues they will face in their careers, and an introduction to applying the technologies that will be a part of their work life. Its mission and vision state:

MISSION

As a community of scholars, educators, and business professionals, the College of Business supports NDSU's mission as a student-focused, land-grant, research university by providing quality:

- Educational experiences through collaboration and community engagement,
- Research for the advancement of knowledge, and
- Collaborations to benefit business and the greater community.

VISION

We leverage our Fargo-Moorhead location and status as a college within a land-grant university to educate, engage, and inspire.

The Department of Agribusiness and Applied Economics was formed in 1918 to provide service to the people of North Dakota. Their mission is to provide objective economic analysis to support informed decision making in areas of resource allocation, business management, and public policy for the people of North Dakota and beyond. They provide high quality education programs for undergraduate and graduate students and for audiences across the state reached through University outreach efforts.

Their faculty and research staff conduct research on a wide variety of applied topics. Studies have determined the economic role that agriculture plays in the economy of North Dakota, the effects of changes in international trade policies on agriculture, alternative policies to stabilize farm household incomes, investments to promote economic development in the state's rural areas, market effects of crops modified by biotechnology, housing market characteristics in the state, and market and nonmarket values associated with alternative water management strategies.

SCOPE OF WORK

Barry Hall is comprised of the former Pioneer Mutual Life building built in 1925 and a 75,000 square foot addition that opened as NDSU's third building in Fargo's downtown area. The building was named after the late Richard H. Barry (1909-1988), a renowned financial consultant and economic catalyst who was described as "Fargo's doctor of financially ill businesses." Over 1,400 students, faculty, and staff use the building on a daily basis. This complex consists of 135,000 square feet and includes a six-story building with faculty and administrative offices, a three-story wing featuring 14 high-technology classrooms and a 284-seat auditorium. It boasts a trading room, where students can gain hands-on skills while using trading simulators and learn about financial management and sales labs that utilize state-of-the-art technology to help students practice various sales techniques. It also provides study areas, a branch library and a coffee shop that students utilize daily into the late hours.

The proposed project would assist the College of Business in adding an active learning classroom and an event space to the second floor area of the addition. This renovation would expand the instructional capacity within Barry Hall that would also create opportunities for the College to host more guest speakers and industry events. The value of a large event space for NDSU downtown could be tremendous, and it would help advance the goals of greater external engagement and create a shared downtown space that also supports program activities in Architecture, Agriculture, and the Arts.

The project will also provide the College of Business the opportunity to add the active learning classroom and active learning classes to its curriculum. These courses have been shown to enhance student retention and will help the CoB realize growth and retention goals outlined in its recently approved Strategic Plan.

The project would include renovating the current ND Trade Office area, once it is vacated, into an active learning classroom and a flexible event space. The space will incorporate moveable tables and chairs, whiteboards, projectors, active learning technology, and a potential portable stage for speaking engagements. Further work could include reconfiguring the open study area and moving and expanding the small restrooms in the immediate area to further enhance the learning environment. This is dependent on the final design and cost.

PROJECT COST ESTIMATE

Project Total	$ 3,000,000.00
Construction Costs	
General	$1,637,000.00
Mechanical	$450,000.00
Electrical	$250,000.00
Site Work	$ -
Landscaping	$ -
Demolition	$ -
IT	$ -
Other	$ -
Sub Total	**$ 2,337,000.00**
Contingency	$350,000.00
Total Construction	**$2,687,000.00**
Soft Costs	
Design Fees	$215,000.00
Owner Costs	$40,000.00
Permits	$10,000.00
Advertising	$2,000.00
Other	$5,000.00
Sub Total	**$272,000.00**
Contingency	$41,000.00
Total Soft Costs	**$313,000.00**
FF&E - Property Costs	
FF&E	$ -
Land Acquisition	$ -
Total FF&E/Other	**$ -**

FUTURE OPERATING COSTS

The operating costs will remain the same.

FURNITURE, FIXTURES AND EQUIPMENT

There will be adequate funds available to purchase any FF&E. Source of Funds: No. 3. Other funding sources (Private). All funds will be privately raised so no state funding will be requested for this project.

SHARED SERVICES/EFFICIENCIES/ PHASING - PLANNING

As stated above, this project would expand the instructional capacity in Barry Hall that also will create opportunities for the departments to host more guest speakers and industry events. The value of a large event space for NDSU downtown could be tremendous, and it would help advance the goals of greater external engagement with the community and create a shared downtown space that also supports program activities in the architecture, agriculture and arts presence in downtown Fargo.

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2018 NDUS PROJECT SCOPE AND COST ESTIMATING WORKSHEET

UNIVERSITY VILLAGE REPLACEMENT – PHASE II

$37,600,000

Project type based on percentage of cost as per NDSU's Master Plan section 3:

5% PED	PED 5	(Housing #1)
85% DMP	DMP 22	(Housing)
	DMP 24	(Accessibility)
10% LSS	LSS 4	(Sprinkler Systems in Residence Halls)
	LSS 5	(Exterior Lighting)
	LSS 6	(Card Access)
	LSS 7	(Video Surveillance) D

MASTER PLAN ALIGNMENT

University Village was initially constructed in 1969 to provide additional housing for the increase in married students on campus. The Village originally consisted of approximately 246 apartment units within 27 buildings. The apartments contain a living room, kitchen, bathroom and bedroom(s) but lack a laundry room within each building. The current apartments also lack accessibility because the two-bedroom units are two-story townhouses and the one bedroom units are located on three levels. There is no elevator for the complex nor is there a central corridor; the doors to the units open directly to the exterior, similar to a motel concept. There is also a need for the privacy, amenities, space, and storage today's students seek in apartment-style living on campus.

Overall insulation in the buildings is minimal because the units are primarily concrete block construction. None of the existing buildings have improved safety features such as card access, exterior surveillance, or sprinkler systems. The original telecommunication wiring does not meet current standards and no affordable solution exists to provide campus internet connectivity. Finally, some buildings have foundation concerns that would require significant investment to correct.

University Village is the oldest of NDSU's apartment facilities and represents almost half of the total available units. The buildings exceed the deferred maintenance 65% threshold established by the NDUS that prompts demolition instead of repair.

The 2016 NDSU Capital Plan listed Phase I of this project under Revenue Bond Authorization – Non-State Funds in the amount of $10,000,000. The project was included in the NDUS 2017-19 Projects Recommended for Inclusion in 2017-19 Biennial Budget Request in Section 2: Non-State Funded Unranked Capital Projects. It was also included in SB2003, Section 11. Bond Issuance Authorization – Purposes during the 65th Legislative Assembly. The SBHE authorized the Budget and Finance Committee's recommendation to "adopt the resolution approving the sale of NDSU housing and auxiliary facilities revenue bonds as presented" at their meeting on May 15, 2017. They also ratified the Chancellor's interim authorization for NDSU to proceed with the University Village Renovation Phase I project at the meeting on September 28, 2017.

SCOPE OF WORK

Phase II of the replacement project will tentatively begin in 2019, with construction taking place east of the current University Village Phase I building. The extent of this phase will be dependent on market conditions, interest rates, inflation costs and other factors at the time the project commences. The work schedule will be similar to the previous Phase I project with asbestos abatement, demolition, site utilities, foundation work and some construction starting before the end of the year. Construction will then begin on up to three additional four-story replacement buildings with an approximate total capacity of 240 apartment units featuring:

- Wood construction consistent with other local market-rate apartment buildings
- Studio, one-bedroom, and two-bedroom apartment units
- ADA fully accessible units
- Elevator to assist with ADA access
- Data and TV connectivity in all units
- Common laundry areas
- Recycling room
- Community room on second through fourth floors
- Common interior corridor for safety and security
- Other improved safety features such as outside door video surveillance, fire sprinkler system, upgraded fire alarm system, card access entrances

The current parking lots will be reconstructed to include a possible 200 additional spaces, internal vehicle circulation for improved safety, and new exit control points. The project will also include site improvements for usable green space as requested by the students.

The construction would be slated to start in June 2019, based on the Legislature approving the project in April 2019 and the Governor signing the bill in May. The sale of bonds would occur immediately after the Governor's signature and, if needed, at any additional time(s) in the future in order to align with the construction of multiple buildings. The construction schedule could stretch over 24 months.

PROJECT COST ESTIMATE

University Village Replacement - Phase II (3 Buildings)

Project Total	$ 37,600,000.00
Construction Costs	
General	$18,877,710.00
Mechanical	$5,640,440.00
Electrical	$3,192,665.00
Site Work	$600,000.00
Landscaping	$180,000.00
Demolition (Included in General)	$ -
IT	$680,160.00
Other	$ -
Sub Total	**$29,170,975.00**
Contingency	$4,414,646.00
Total Construction	**$33,585,621.00**
Soft Costs	
Design Fees	$2,350,993.00
Owner Costs	$60,000.00
Permits	$30,000.00
Advertising	$2,000.00
Other	$1,050,000.00
Sub Total	$3,492,993.00
Contingency	$521,386.00
Total Soft Costs	**$4,014,379.00**
FF&E - Property Costs	
FF&E	$ -
Land Acquisition	$ -
Total FF&E/Other	**$ -**

FUTURE OPERATING COSTS

Future operating costs include all forecasted expenses needed to operate the new apartments and will be figured into the rental rates.

FURNITURE, FIXTURES, AND EQUIPMENT

FF&E is estimated to be $300,000 to outfit common areas. Apartment units would be primarily unfurnished. FF&E may be funded from local funds or through the bond.

SOURCE OF FUNDS:

No. 2 – Revenue bond proceeds (request includes authorization to bond). This project will require a revenue bond for construction costs. All or part of the FF&E may be funded from the bond. Demolition costs will be covered by local funds or through the bond.

SHARED SERVICES/EFFICIENCIES/ PHASING - PLANNING

This project is a residential facility so we do not anticipate any shared services. The predominant factors in demolishing the original building was that the deferred maintenance exceeds the 65% threshold established by the NDUS that promotes demolition instead of repair. There is also no cost effective way to make the current facilities accessible. NDSU is not requesting any State funding as the project would be funded through local revenue bonds.

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2018 NDUS PROJECT SCOPE AND COST ESTIMATING WORKSHEET

INDOOR PRACTICE FACILITY (INCLUDES ALL 3 PHASES)

$37,200,000

Project type based on percentage of cost as per NDSU's Master Plan section 3: 100% PED PED 7 (Athletics)

MASTER PLAN ALIGNMENT

Athletics is an important factor in a student's post-secondary experience. Besides the academic components for those students majoring in these areas, students benefit from the social, physical, emotional, educational, and professional aspects (time management, discipline, communication skills) that athletics provide.

The SBHE authorized NDSU to install a temporary seasonal inflatable bubble for Dacotah Field at its meeting on May 29, 2014. The bubble provided a protected environment to allow outdoor sports teams like football, baseball, softball, golf and soccer to continue to practice since space in the FargoDome was limited. However, the bubble needs to be erected every fall after the soccer season ends and dismantled every spring and stored along with all of its components, including HVAC and the other portable equipment. This has been a temporary and costly solution to the greater need for an indoor practice facility.

SCOPE OF WORK

NDSU has a storied history of athletic success including 26 team national championships since 1965 in football, women's basketball, wrestling, softball, men's cross country and women's indoor track and field, plus numerous individual championships. Since completing a reclassification to NCAA Division I in the fall of 2008, the Bison have won six football national championships, made three NCAA men's basketball tournaments, eight softball regionals and one super regional, three NCAA women's volleyball postseason appearances, NCAA regionals in women's soccer, women's golf and baseball, and produced several All-Americans in track and field, cross country and wrestling.

The proposed Indoor Practice Facility project will provide a state-of-the-art training facility for the fourteen time national champion football program that will also include capacity for women's soccer, men's and women's golf, baseball, softball, and men's and women's track and field also affected by North Dakota's changing climate throughout the year.

The new facility will be located in the current Team Makers practice fields and adjacent to the Shelly Ellig Indoor Track and Field Facility and the Sanford Health Athletic Complex. The facility will be an approximate 120,000 square feet of climate controlled space for all weather types during the year. It will have a separate weight room space, meeting locations, locker rooms and recruiting area. Outside the facility will be an additional lighted turf field with easy access in and out of the indoor facility. The building will have state-of-the-art lighting, AV and filming space for our teams to utilize. Components of the project include:

Indoor Practice Facility

- ~85,000 square feet of useable practice space
- Lobby/Main Entrance/Restrooms
- Field size:
  - Full 120 yards long x 60 yards wide
  - 70' clear height in middle
  - 65' clear height down the sidelines
- Two artificial turf fields (1 indoor and 1 outdoor) with direct connections between the indoor field and outdoor field utilizing oversized operable doors
- Elevated viewing areas for recruits and guests (~30 seats)
- LED lighting with controls for varying lighting levels both indoors and outdoors
- Climate controlled
  - Heating for the Indoor Practice Field
  - Heating and cooling for support spaces (weight room, locker room, etc.)
- Technology
  - Filming capabilities with good fiber connections back to editing room in the FargoDome
  - Sound system desired to simulate noise/music playback
  - Scoreboards, game clocks, play clocks
- Multi-use for additional NDSU athletic programs (soccer, softball, golf, baseball, track and field) with netting and equipment
- Storage space
- Observations decks/camera platforms

West Operations Building

- ~25,000 square feet of multi-purpose space
- Locker room facility
- Meeting room space
- Sports Medicine space
- Recruiting / Hall of Fame
  - Spaces to display and celebrate history and championships
  - Addition of an NFL wall/experience to highlight previous Bison athletes

North Weight Room

- ~10,000 square foot weight room with fueling station on the north end

The indoor practice facility will serve as a welcome mat to the NDSU Athletics campus. It will provide current and prospective student-athletes with the tools, training and facilities to be successful during their time in Fargo. The most important element this facility will accomplish is maintaining NDSU's identity and brand. The success of the athletics program focuses attention on the university

and Fargo-Moorhead community. The facility will take advantage of every opportunity to highlight itself as a positive representation of North Dakota State University.

Once all approvals are received, the project will be fully programmed, bids will be secured and construction will begin. It is estimated that the project timeline will be 18-24 months.

PROJECT COST ESTIMATE

Indoor Practice Facility (Includes all 3 phases)

Project Total	$ 37,200,000.00
Construction Costs	
General	$23,818,100.00
Mechanical	$3,054,613.00
Electrical	$1,945,460.00
Site Work	$843,760.00
Landscaping	$100,000.00
Demolition	$-
IT	$100,000.00
Other	$-
Sub Total	**$29,861,933.00**
Contingency	$4,502,290.00
Total Construction	**$34,364,223.00**
Soft Costs	
Design Fees	$2,405,496.00
Owner Costs	$40,000.00
Permits	$20,000.00
Advertising	$2,000.00
Other	$-
Sub Total	**$2,467,496.00**
Contingency	$368,281.00
Total Soft Costs	**$2,835,777.00**
FF&E - Property Costs	
FF&E	$-
Land Acquisition	$-
Total FF&E/Other	**$-**

FUTURE OPERATING COSTS

The operating costs are forecasted to be approximately the same as the costs for the electrical, heating, inflating and deflating of the current temporary seasonal inflatable bubble.

FURNITURE, FIXTURES, AND EQUIPMENT

There will be adequate funds available to purchase any FF&E.

SOURCE OF FUNDS:

No. 3 – Other funding sources (Private)

SHARED SERVICES/EFFICIENCIES/ PHASING - PLANNING

The facility will also be utilized by many of the other athletic programs at NDSU. The plan is to raise sufficient private funds to build all three portions of the project (Indoor Practice Facility, North Weight Room, and West Operations Building) but this is dependent on the amount raised.

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2018 NDUS PROJECT SCOPE AND COST ESTIMATING WORKSHEET

SOFTBALL INDOOR FACILITY

$2,000,000

Project type based on percentage of cost as per NDSU's Master Plan section 3: 100% PED PED 7 (Athletics)

MASTER PLAN ALIGNMENT

NDSU is home to the eight time Summit League softball champions as well as the 2014 Summit League baseball champions. The proposed indoor hitting facility at the Ellig Softball complex will provide the athletes with a facility to practice and train in out of the harsh North Dakota elements. This will assist in retaining the softball program's status as one of the premier programs in the region.

SCOPE OF WORK

The softball program's equipment needs, setup time and activities were evaluated to determine the feasibility of sharing space in the proposed new NDSU Indoor Practice Facility. After careful review (that included input from softball supporters regarding logistics), it was decided that the best solution was to create a small facility just to the north of the Ellig Softball complex and adjacent to the south side of the new NQ parking lot for easy accessiblity from the lot.

The proposed space will be approximately 11,000 square feet of indoor hitting, fielding and operational areas. The facility will be divided into hitting sections with batting cages and pitching mounds, as well as a separate area for team meeting rooms, storage, offices, and men's and women's restrooms.

PROJECT COST ESTIMATE

Project Total	$2,000,000.00
Construction Costs	
General	$1,034,560.00
Mechanical	$127,200.00
Electrical	$137,800.00
Site Work	$100,000.00
Landscaping	$20,000.00
Demolition	$ -
IT	$20,000.00
Other	$-
Sub Total	**$1,439,560.00**
Contingency	$290,934.00
Total Construction	**$1,730,494.00**
Soft Costs	
Design Fees	$121,135.00
Owner Costs	$40,000.00
Permits	$10,000.00
Advertising	$2,000.00
Other	$60,000.00
Sub Total	**$233,135.00**
Contingency	$36,371.00
Total Soft Costs	**$269,506.00**
FF&E - Property Costs	
FF&E	$ -
Land Acquisition	$ -
Total FF&E/Other	**$ -**

FUTURE OPERATING COSTS

The operating costs are estimated at $25,000 and will be funded with local dollars.

FURNITURE, FIXTURES, AND EQUIPMENT

There will be adequate funds available to purchase any FF&E.

SOURCE OF FUNDS:

No. 3. Other funding sources (Private). All funds will be privately raised so no state funding will be requested for this project. The plan is to raise the funds to complete the entire project.

SHARED SERVICES/EFFICIENCIES/ PHASING - PLANNING

If funding is short of the total amount, the project would be phased by first completing the indoor hitting facility and then completing the east addition. As noted above, the most efficient thing to do is to keep the equipment assembled. Other athletic activities needing the same equipment, such as a batting cage/netting system, would also be allowed to use it.

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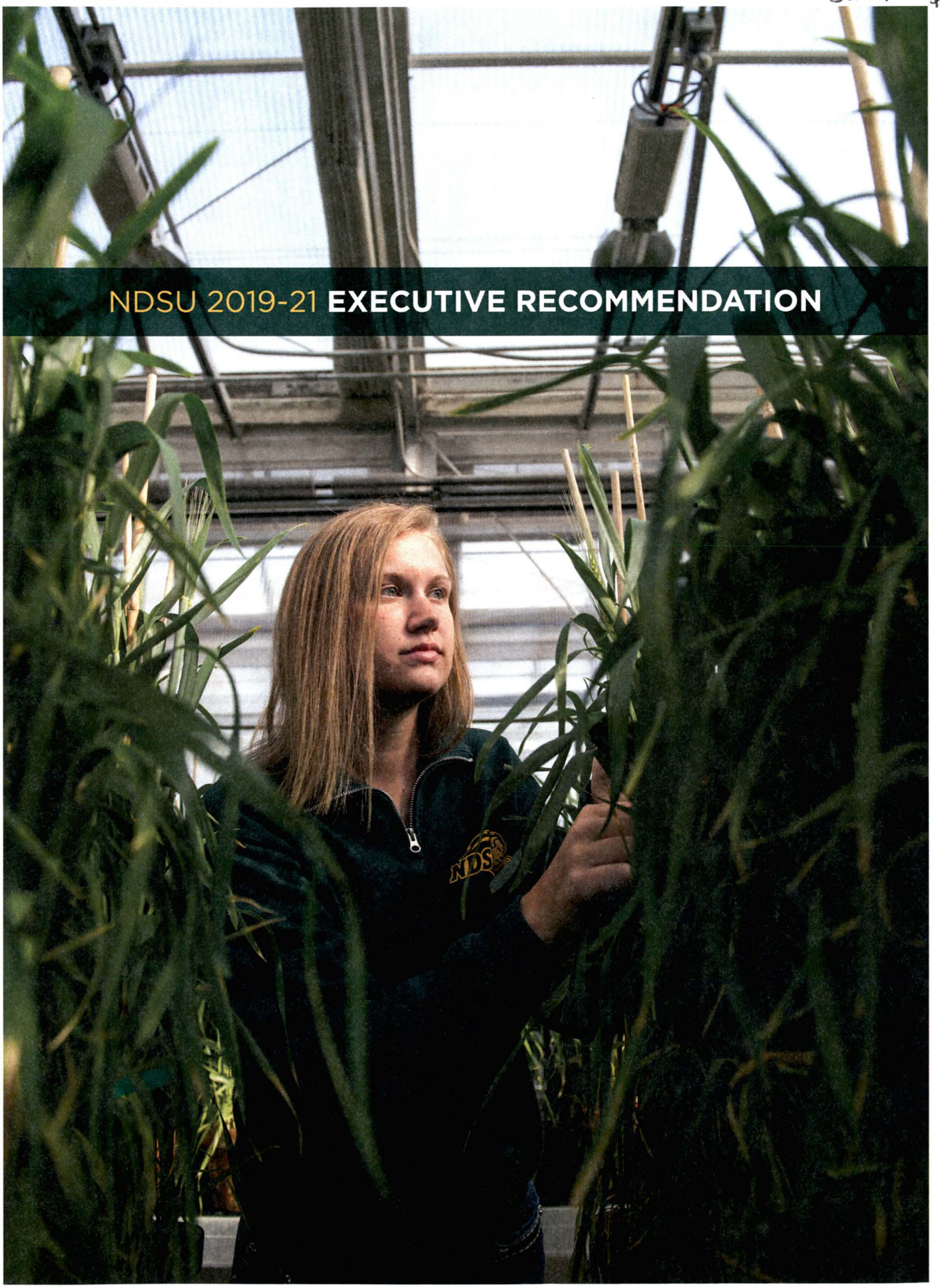

NDSU 2019-21 EXECUTIVE RECOMMENDATION

COMPARE SBHE GENERAL FUND BUDGET REQUEST TO EXECUTIVE RECOMMENDATION

	NORTH DAKOTA STATE UNIVERSITY			
	SBHE 2019-21 GF Budget Request	Executive Recommendation	Change from Original Request to Executive Recommended	
2017-19 General Fund Base Appropriation	**$ 129,126,235**	**$ 129,126,235**	**$ -**	
Remove one-time operating funds	**(535,193)**	**(535,193)**	**-**	
2017-19 Adjusted General Fund Base Appropriation	**128,591,042**	**128,591,042**	**-**	
2019-21 Base proposed adjustments:				
Funding formula: Credit hour completion adjustment	(716,330)	(716,330)	-	1/
Salary compensation 4%/4%; EXEC Rec 4%/2%*	5,461,169	3,865,356	(1,595,813)	2/
2019-21 Health insurance increases: 12.7%; with optional plans	-	1,896,092	1,896,092	
Executive Recommendation 5% reduction to base funding	-	(6,393,735)	(6,393,735)	3/
Total Base adjustments	4,744,839	(1,348,617)	(6,093,456)	
Base General Fund Request & Recommendation	**$ 133,335,881**	**$ 127,242,425**	**$ (6,093,456)**	
GF Base % change	*3.7%*	*-1%*		
GF Base $ change	*$ 4,744,839*	*$ (1,348,617)*		
Optional Base Budget Requests				
SB2003 Task Force-College & Career Dev Coord (1 FTE)	121,500	-	(121,500)	
Digital Initiative-Research Networks	850,000	-	(850,000)	
High Performance Computing	2,000,000	-	(2,000,000)	
Total Base General Fund Request & Recommendation	**135,335,881**	**127,242,425**	**(8,093,456)**	
State Funded Capital Project Request-Dunbar II	**51,350,000**	**-**	**(51,350,000)**	4/
One time: Academic, Technology, Infrastructure Campus needs - operating	**1,000,000**	**-**	**(1,000,000)**	
Total General Funds-Base and one time	**$ 186,685,881**	**$ 127,242,425**	**$ (60,443,456)**	

1/ SCH formula production change

2/ SBHE approved budget request for NDSU includes a 4% | 4% salary compensation package
Executive Recommendation includes a 4% | 2% salary compensation package

3/ Executive Recommendation includes a 5% reduction in general funds provided in SCH funding formula.

4/ Executive Recommendaton provides $25.6 million from the Strategic Investment and Improvement Fund (SIIF) and the remaining $25.6 million is to be provided from other funds as a 1:1 match.

NDSU does not anticipate any changes in federal funding.

North Dakota State University

Agency 235

Statutory Authority
ND Constitution Section 215, North Dakota Century Code Chapter 15-12.

Agency Description
North Dakota State University (NDSU) broke into the 'top 100' National Science Foundation (NSF) rankings seven years ago and has steadily climbed into the rankings to now 83rd in the nation with over $156M in research productivity. The National Science Foundation is the only federally coordinated/recognized ranking of the 3500 colleges and universities in the nation. Because of this ranking, NDSU has become the highest NSF ranked institution in its five-state region of ND, SD, MT, WY and ID. Those rankings have opened up a steady progression of new partnerships and funding opportunities with other leading universities, private entities and federal agencies, never before possible for a North Dakota university.

NDSU is proud of its tradition as the state's student focused, land-grant, research institution. It embraces that responsibility as a cornerstone of its future productivity, and the contributions it can increasingly provide to North Dakota and the state's residents, as well as the nation's current and future interests.

The University hosts a large and increasingly diverse student profile and is home for the largest full-time, on campus enrollment in the state's university system. NDSU is located in a vibrant and growing area of the state, and the city of Fargo is regularly cited in national publications as one of the best college towns in the nation, best locations for entrepreneurial business start-ups, and best places for young professionals. The three K-12 school districts in the Fargo-Moorhead area are collectively experiencing net new enrollment growth of over 1,200 students a year—projected to continue for at least eight more years. In partnership with the community and with a growing number of major corporate partners, NDSU has shared a responsibility for creation of an environment that compliments and blends the experiences of its students, faculty and staff with the community in which they live while attending the university.

Major Accomplishments
1. Ranked top and only ND research university in the nation based on National Science Foundation.
2. Completed, opened and have now "named" a new, state funded 120,000 square foot STEM classroom building to meet student demand in the science, technology, engineering and math disciplines, which has the capacity for 4,000-5000 students to cycle through per day.
3. Approved College of Health Professions construction project for an addition to Sudro Hall funded with private donations, expected completion during 2020.
4. Became the North Dakota post-secondary institution of choice for North Dakota and out-of-state high school graduates.
5. Continued efforts in support of student success through improved sense of welcome and support; study of and implementation of interventions which have successfully led to improved retention and graduation rates; focus on students from historically under-represented populations, veterans, and others; and addressed high risk behaviors and other student issues. Continuing to expand academic collaborations including development of undergraduate and graduate programs representing the most extensive list of collaborative arrangements in North Dakota's 11-campus higher education system.
6. Provided system-wide support of academic support functions in IT-based data storage, academic computing communication, emergency response and support technologies.
7. Planned improvements in three campus dining centers.
8. Continued involvement with the Research and Technology Park and emerging technology firms that have created several thousand new jobs, including employment of over 100 NDSU undergraduate and graduate students.
9. Solidified NDSU as one of the most successful overall NCAA Division-I athletic programs in the nation.

Executive Budget Recommendation
- Reduces $716,330 from the General Fund higher education formula due to a decrease in adjusted student credits.
- Reduces $6.3 million from the General Fund by adjusting the base funding per student credit hour amount to 95.0 percent of current law.
- Provides $51.3 million for the Dunbar Hall project. $25.6 million is provided from the Strategic Investment and Improvement Fund and the remaining $25.6 million is to be provided from other funds as a 1:1 match.
- Provides $3.0 million of authority from other funds for the Barry Hall renovation project.
- Provides $37.2 million of authority from other funds for the Indoor Practice Facility project.
- Provides $2.0 million of authority from other funds for the Softball Facility project.
- Provides $37.6 million of authority from other funds for the University Village Phase II project.
- Provides $5.7 million from the General Fund as an inflationary increase, which includes the increase in employee health insurance and the executive compensation plan.
- Provides $127.2 million from the General Fund for the state share of campus operations at $58.36 per adjusted student credit hour.

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REQUEST/RECOMMENDATION COMPARISON SUMMARY

235 North Dakota State University
Biennium: 2019-2021

Description	Expenditures Prev Biennium 2015-2017	Present Budget 2017-2019	2019-2021 Requested Incr(Decr)	2019-2021 Requested % Chg	Requested Budget 2019-2021	2019-2021 Recommended Incr(Decr)	2019-2021 Recommended % Chg	Executive Recommendation 2019-2021
By Major Program								
North Dakota State University	886,602,304	821,055,911	(70,121,602)	(8.5%)	750,934,309	57,887,253	7.1%	878,943,164
Total Major Programs	886,602,304	821,055,911	(70,121,602)	(8.5%)	750,934,309	57,887,253	7.1%	878,943,164
By Line Item								
Campus Operations	736,327,875	733,208,460	9,926,745	1.4%	743,135,205	6,785,600	0.9%	739,994,060
Capital Assets	95,613,766	7,799,104	0	0.0%	7,799,104	51,350,000	658.4%	59,149,104
Capital Assets Carryover	21,060,706	1,218,586	(1,218,586)	(100.0%)	0	(1,218,586)	(100.0%)	0
Capital Projects - Non-State	11,000,000	77,505,000	(77,505,000)	(100.0%)	0	2,295,000	3.0%	79,800,000
Capital Projects Carryover - Non-State	22,599,957	1,324,761	(1,324,761)	(100.0%)	0	(1,324,761)	(100.0%)	0
Total Line Items	886,602,304	821,055,911	(70,121,602)	(8.5%)	750,934,309	57,887,253	7.1%	878,943,164
By Funding Source								
General Fund	171,856,653	129,592,566	3,743,315	2.9%	133,335,881	(2,350,141)	(1.8%)	127,242,425
Federal Funds	4,202,728	0	0	0.0%	0	0	0.0%	0
Special Funds	710,542,923	691,463,345	(73,864,917)	(10.7%)	617,598,428	60,237,394	8.7%	751,700,739
Total Funding Source	886,602,304	821,055,911	(70,121,602)	(8.5%)	750,934,309	57,887,253	7.1%	878,943,164
Total FTE	537.10	1,895.66	(25.50)	(1.3%)	1,870.16	(25.50)	(1.3%)	1,870.16

NDSU BIENNIAL BUDGET REQUEST 2019-21

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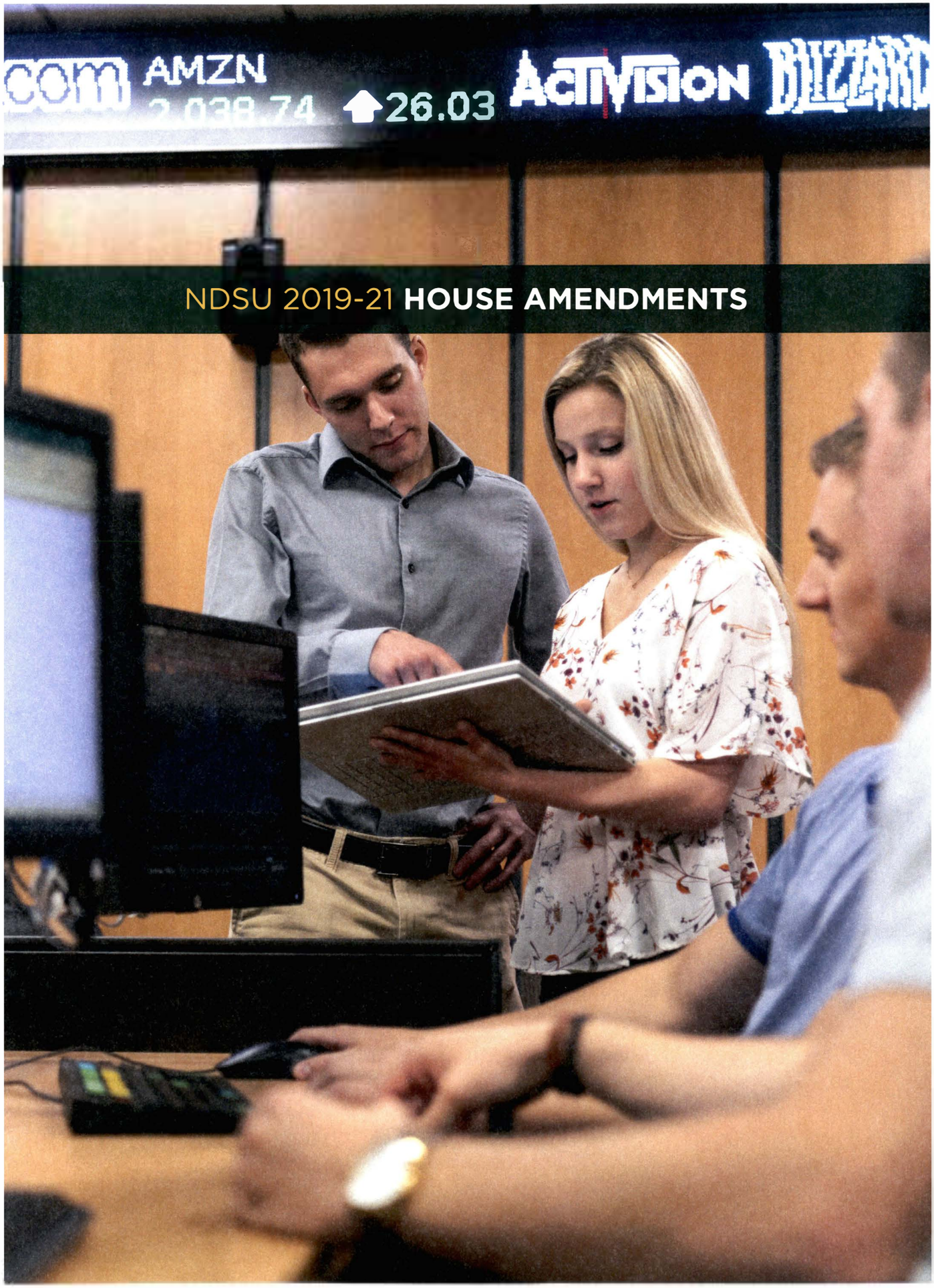
COMPARISON OF 2017-19 BASE BUDGET TO 2019-21 SBHE REQUEST AND EXECUTIVE RECOMMENDATION

STATE GENERAL FUND APPROPRIATION

	2017-19 Base Level	Requested Adjustments	2019-21 SBHE Needs-Based Budget	Executive Recommendation	Difference from 2017-19 Base Level	Difference from SBHE Needs-Based Budget
Campus Operations	$ 125,858,798	$ 4,744,839	$ 130,603,637	$ 124,510,181	$ (1,348,617)	$ (6,093,456)
Capital Assets	2,732,244	51,350,000	54,082,244	2,732,244	-	(51,350,000)
Plant Improvement Carryover						
Capital Projects - Non-State Funded						
Capital Projects - Non-State Carryover						
Operating Carryover						
Total State General Fund	**$ 128,591,042**	**$ 56,094,839**	**$ 184,685,881**	**$ 127,242,425**	**$ (1,348,617)**	**$ (57,443,456)**

SPECIAL FUND AUTHORITY

	2017-19 Base Level	Requested Adjustments	2019-21 SBHE Needs-Based Budget	Executive Recommendation	Difference from 2017-19 Base Level	Difference from SBHE Needs-Based Budget
Campus Operations	$ 611,881,329	$ 5,717,099	$ 617,598,428	$ 620,550,739	$ 8,669,410	$ 2,952,311
Plant Improvement Carryover						
Capital Projects - Non-State Funded	79,800,000	79,800,000	131,150,000	131,150,000	51,350,000	
Capital Projects - Non-State Carryover						
Operating Carryover						
Total Special Fund Authority	**$ 611,881,329**	**$ 85,517,099**	**$ 697,398,428**	**$ 751,700,739**	**$ 139,819,410**	**$ 54,302,311**



NDSU 2019-21 **HOUSE AMENDMENTS**

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Comparison of General Funds Budget Request to Executive Recommendation and House Engrossed

HB 1003	North Dakota State University				
	SBHE 2019-21 GF Budget Request	Executive Recommended	House Engrossed	Change from Original Request to House Engrossed	
2017-19 General Fund Base Appropriation	**$ 129,126,235**	**$ 129,126,235**	**$ 129,126,235**	**$ -**	
Remove one-time operating funds	**(535,193)**	**(535,193)**	**(535,193)**	**-**	
2017-19 Adjusted General Fund Base Appropriation	**128,591,042**	**128,591,042**	**128,591,042**	**-**	
2019-21 Base proposed adjustments:					
Funding formula: Credit hour completion adjustment	(716,330)	(716,330)	(716,330)	-	1/
Salary compensation package**see note below	5,461,169	3,865,356	2,305,373	(3,155,796)	2/
2019-21 Health insurance increases	-	1,896,092	2,164,246	2,164,246	
Executive Recommendation 5% reduction to base funding	-	(6,393,735)	-	-	3/
	-	-	-	-	
Total Base adjustments	4,744,839	(1,348,617)	3,753,289	(991,550)	
Base General Fund Request & Recommendation	**$ 133,335,881**	**127,242,425**	**132,344,331**	**$ (991,550)**	
GF Base % change	*3.7%*	*-1%*	*2.9%*		
GF Base $ change	*$ 4,744,839*	*$ (1,348,617)*	*$ 3,753,289*		
Optional Base Budget Requests					
SB2003 Task Force-College & Career Dev Coord (1 FTE)	$ 121,500	-	-	(121,500)	
Digital Initiative-Research Networks	$ 850,000	-	-	(850,000)	
High Performance Computing	$ 2,000,000	-	-	(2,000,000)	
Total Base General Fund Request & Recommendation	**$ 135,335,881**	**$ 127,242,425**	**$ 132,344,331**	**$ (2,991,550)**	
State Funded Capital Project Request-Dunbar II	**$ 51,350,000**	-	-	**(51,350,000)**	4/
One time: Academic, Technology, Infrastructure Campus needs- operating	**$ 1,000,000**	-	-	**(1,000,000)**	
Total General Funds-Base and one time	**$ 186,685,881**	**$ 127,242,425**	**$ 132,344,331**	**$ (55,341,550)**	

1/ SCH formula production change

2/ SBHE approved budget request includes a 4% | 4% salary compensation package
Executive Recommendation includes a 4% | 2% salary compensation package
House Engrossed budget includes a 2% | 2% salary compensation package

3/ Executive Recommendation includes a 5% reduction in general funds provided in SCH funding formula.

4/ Executive Recommendaton provides $25.6 million from the Strategic Investment and Improvement Fund (SIIF) and the remaining $25.6 million is to be provided from other funds as a 1:1 match.

NDSU does not anticipate any changes in federal funding.

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Comparison of SBHE Special Funds Budget Request to Executive Recommendation and House Engrossed

North Dakota State University

	SBHE 2019-21 GF Budget Request	Executive Recommendation	Engrossed HB1003	Engrossed HB1003 Over (Under) Budget Request
2017-19 Special Funds Budget	691,463,345	691,463,345	691,463,345	-
Less Capital/one time items	(79,582,016)	(79,582,016)	(79,582,016)	-
2017-19 Adjusted Special Funds Base Budget (HB1003)	611,881,329	611,881,329	611,881,329	-
4%/4% salary increase requested	12,029,642	-	-	(12,029,642)
Base Payroll adjustments	(6,312,543)	(6,312,543)	(6,312,543)	-
Other changes in estimated income				-
Remove prior biennium capital asset carryover				-
Change in extraordinary repairs and special assessments	-	-		-
2019-21 Adjusted Special Fund Base Appropriation	**$ 617,598,428**	**$ 605,568,786**	**$ 605,568,786**	**$ (12,029,642)**
Executive Recommendation Base Increases (Decreases):				
Capital Projects	79,800,000	131,150,000		
Health insurance increases		5,140,480		-
4%/2% salary increase		9,841,473		-
Engrossed HB1003 Adjustments				
Health insurance increases			6,069,593	6,069,593
2%/2% salary increase			5,703,094	5,703,094
Capital Building Fund Tier II -				
Bank of ND funds			2,899,596	2,899,596
1%/1% Tuition Increase			3,301,310	3,301,310
Institution Match at 1 to 1			6,200,906	6,200,906
Capital Projects	131,150,000	131,150,000	79,800,000	(51,350,000)
Total Adjustments	79,800,000	146,131,953	103,974,499	(27,175,501)
2019-21 Special Fund Request and Executive Recommendation - Special Funds	**$ 697,398,428**	**$ 751,700,739**	**$ 709,543,285**	**$ (39,205,143)**
Total All funds	830,734,309	878,943,164	841,887,616	(40,196,693)

Capital Projects			
Softball Facility	2,000,000	2,000,000	$2M Other Unrestricted
Univ. Villiage Phase I	37,600,000	37,600,000	$37.6M Other Unrestricted
Dunbar Hall	51,350,000		$25.675M SIIF, $25.675M Other Unrestricted
Indoor Pract. Facility	37,200,000	37,200,000	$37.2M Other Unrestricted
Barry Hall	3,000,000	3,000,000	$3M Other Unrestricted
	131,150,000	79,800,000	
SB2297 - Dunbar Hall		51,200,000	
	HB1003 & SB2297	131,000,000	

Draft

House Appropriations Committee - Education and Environmental Division HB1003

	Tier I Extraordinary Repairs			Tier II Capital Building Fund				Tier III Capital Building Fund			
Institution	Base Funding Formula allocated to Extraordinary Repairs (General Funds)	2 for 1 Institution Match (Special Funds)	Tier I Appropriation & Required Match	Institution Match at 1 to 1 (Special Funds)	Tuition Funds (1%/1%)	$10M BND Funds	Tier II Totals	Capital Building Fund (GF-$4M & BND $5M)	2 for 1 Match	Tier III Totals	Totals
BSC	417,673	835,346	1,253,019	839,541	413,848	425,693	1,679,083	500,000	1,000,000	1,500,000	4,432,102
DCB	114,007	228,014	342,021	178,850	72,786	106,064	357,700	500,000	1,000,000	1,500,000	2,199,721
LRSC	155,367	310,734	466,101	314,138	136,763	177,375	628,276	500,000	1,000,000	1,500,000	2,594,377
NDSCS	1,012,379	2,024,758	3,037,137	768,991	268,296	500,695	1,537,982	500,000	1,000,000	1,500,000	6,075,119
WSC	197,801	395,602	593,403	217,906	79,959	137,947	435,812	500,000	1,000,000	1,500,000	2,529,215
DSU	409,078	818,156	1,227,234	478,821	209,959	268,862	957,641	500,000	1,000,000	1,500,000	3,684,875
MASU	358,992	717,984	1,076,976	416,916	176,887	240,029	833,833	500,000	1,000,000	1,500,000	3,410,809
MISU	899,620	1,799,240	2,698,860	1,021,414	448,613	572,801	2,042,828	500,000	1,000,000	1,500,000	6,241,688
VCSU	408,319	816,638	1,224,957	514,343	205,206	309,137	1,028,685	500,000	1,000,000	1,500,000	3,753,642
NDSU	2,732,244	5,464,488	8,196,732	6,200,906	3,301,310	2,899,596	12,401,811	2,250,000	4,500,000	6,750,000	27,348,543
UND	4,411,566	8,823,132	13,234,698	7,696,730	3,334,928	4,361,802	15,393,459	2,250,000	4,500,000	6,750,000	35,378,157
TOTAL	**11,117,046**	**22,234,092**	**33,351,138**	**18,648,555**	**8,648,555**	**10,000,000**	**37,297,110**	**9,000,000**	**18,000,000**	**27,000,000**	**97,648,248**

Institution Capital Funding Options
State General Funds
North Dakota Building Authority Bonds - State of ND has $213 million of available bonding capacity.
Revenue bonds for housing, dining, student union and other facilities or projects.
Proposed Senate Bill 2297 - ND Building Authority Bonds of $151,700,000- NDSU- Dunbar Hall $51,200,000; VCSU Communications & Fine Arts Center $32,000,000; NDSU Agriculture products development center and NCI project $64,000,000; DSU Pulver Hall project $4,500,000.
Proposed Senate Bill 2275 -Establishes a essential infrastructure revolving loan fund. Institutions may borrow through Bank of North Dakota up to $25,000,000, maximum term is 30 years with an interest rate not to exceed 2% for Infrastructure projects(sewer & water lines, storm water infrastructure including curb and gutter construction and road infrastructure. $500,000,000 in bonding authority is available to finance the essential infrastructure revolving loan fund for up to 20 years.
Private gifts and donations through institution foundations.

NDSU BIENNIAL BUDGET REQUEST 2019-21

HB1003
3/19/19
#1

HB1003: House Amendments

	NDSU				State-Matching	
	General Funds	Special Funds	Tuition Funds	NDSU Total Funds	BND/General Funds	Total All Funds
Tier 1-Extraordinary Repairs	2,732,244	5,464,488	-	**8,196,732**	-	**8,196,732**
requires 2:1 match from special funds (operations or other) to utilize GF allocated from operations to extraordinary repairs						
Tier 2-Capital Building Fund (Section 20)	-	6,200,906	3,301,310	**9,502,216**	**2,899,596**	**12,401,812**
requires 1:1:1 matching funds; special funds (operations or other sources) + tuition funds + state BND/GF funds						
Tier 3-Capital Building Fund (Section 21)	-	4,500,000	-	**4,500,000**	**2,250,000**	**6,750,000**
requires 2:1 match from special funds (operations or other) to access state BND/GF matching funds						
Total	2,732,244	16,165,394	3,301,310	**22,198,948**	**5,149,596**	**27,348,544**

Special funds and tuition funds required for match would directly impact faculty lines and academic operations.

NDSU | NORTH DAKOTA STATE UNIVERSITY

HB 1003 #1
3/19/19

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1003 - Funding Summary

	Base Budget	House Changes	House Version
University System Office			
Capital assets - Bond payments	$6,605,326	($1,645,878)	$4,959,448
Competitive research programs	6,027,750		6,027,750
System governance	8,163,238	280,095	8,443,333
Title II	1,006,472	(1,006,472)	
Core technology services	61,527,347	663,122	62,190,469
Student financial assistance grants	21,917,306	2,000,000	23,917,306
Professional student exchange program	3,699,342		3,699,342
Academic and CTE scholarships	12,016,749		12,016,749
Scholars program	1,807,115		1,807,115
Native American scholarship	555,323		555,323
Tribally controlled comm. college grants	600,000	(100,000)	500,000
Education incentive programs	2,863,393	(2,103,393)	760,000
Student mental health	284,400		284,400
Veterans' assistance grants	277,875		277,875
Shared campus services	500,000		500,000
Dual-credit instructor assistance	200,000	(200,000)	
Education challenge fund		2,200,000	2,200,000
Tier III capital building fund pool		9,000,000	9,000,000
Total all funds	$128,051,636	$9,087,474	$137,139,110
Less estimated income	26,412,106	2,550,610	28,962,716
General fund	$101,639,530	$6,536,864	$108,176,394
FTE	149.40	(0.50)	148.90
Bismarck State College			
Operations	$101,670,034	($4,447,175)	$97,222,859
Capital assets	1,922,561		1,922,561
Capital building fund		1,679,082	1,679,082
Total all funds	$103,592,595	($2,768,093)	$100,824,502
Less estimated income	72,991,998	(3,062,872)	69,929,126
General fund	$30,600,597	$294,779	$30,895,376
FTE	358.35	(34.42)	323.93
Lake Region State College			
Operations	$36,449,048	$950,031	$37,399,079
Capital assets	362,667	3,000,000	3,362,667
Capital building fund		628,276	628,276
Total all funds	$36,811,715	$4,578,307	$41,390,022
Less estimated income	24,111,092	4,405,672	28,516,764
General fund	$12,700,623	$172,635	$12,873,258
FTE	129.61	(11.51)	118.10
Williston State College			
Operations	$26,954,133	$1,077,752	$28,031,885
Capital assets	1,261,968		1,261,968
Capital building fund		435,812	435,812
Total all funds	$28,216,101	$1,513,564	$29,729,665
Less estimated income	19,855,598	(137,663)	19,717,935

General fund	$8,360,503	$1,651,227	$10,011,730
FTE	100.75	(0.27)	100.48
University of North Dakota			
Operations	$864,554,974	$20,252,443	$884,807,417
Capital assets	4,411,566	115,000,000	119,411,566
Capital building fund		15,393,458	15,393,458
Total all funds	$868,966,540	$150,645,901	$1,019,612,441
Less estimated income	728,870,450	143,918,802	872,789,252
General fund	$140,096,090	$6,727,099	$146,823,189
FTE	2,218.07	(85.90)	2,132.17
UND Medical Center			
Operations	$205,926,712	$5,179,871	$211,106,583
Healthcare workforce initiative		10,676,150	10,676,150
Total all funds	$205,926,712	$15,856,021	$221,782,733
Less estimated income	154,078,620	4,768,324	158,846,944
General fund	$51,848,092	$11,087,697	$62,935,789
FTE	435.75	49.57	485.32
North Dakota State University			
Operations	$732,673,267	$9,213,433	$741,886,700
Capital assets	7,799,104	79,800,000	87,599,104
Capital building fund		12,401,812	12,401,812
Total all funds	$740,472,371	$101,415,245	$841,887,616
Less estimated income	611,881,329	97,661,956	709,543,285
General fund	$128,591,042	$3,753,289	$132,344,331
FTE	1,895.66	(25.50)	1,870.16
State College of Science			
Operations	$91,682,610	$3,610,065	$95,292,675
Capital assets	1,012,379		1,012,379
Capital building fund		1,537,982	1,537,982
Total all funds	$92,694,989	$5,148,047	$97,843,036
Less estimated income	57,605,613	3,898,705	61,504,318
General fund	$35,089,376	$1,249,342	$36,338,718
FTE	345.04	(34.31)	310.73
Dickinson State University			
Operations	$47,135,592	$1,203,267	$48,338,859
Capital assets	409,078		409,078
Theodore Roosevelt digitization		250,000	250,000
Capital building fund		957,642	957,642
Total all funds	$47,544,670	$2,410,909	$49,955,579
Less estimated income	29,737,827	1,675,772	31,413,599
General fund	$17,806,843	$735,137	$18,541,980
FTE	168.90	44.36	213.26
Mayville State University			
Operations	$44,197,761	$3,153,768	$47,351,529
Capital assets	358,992		358,992
Capital building fund		833,832	833,832
Total all funds	$44,556,753	$3,987,600	$48,544,353
Less estimated income	30,307,148	1,906,832	32,213,980
General fund	$14,249,605	$2,080,768	$16,330,373
FTE	210.53	(1.26)	209.27

Minot State University			
Operations	$100,710,275	$1,095,224	$101,805,499
Capital assets	1,099,620		1,099,620
Capital building fund		2,042,828	2,042,828
Total all funds	$101,809,895	$3,138,052	$104,947,947
Less estimated income	62,058,916	3,207,692	65,266,608
General fund	$39,750,979	($69,640)	$39,681,339
FTE	441.65	(34.07)	407.58
Valley City State University			
Operations	$48,444,336	($2,009,370)	$46,434,966
Capital assets	455,823		455,823
Capital building fund		1,028,686	1,028,686
Total all funds	$48,900,159	($980,684)	$47,919,475
Less estimated income	28,470,657	(1,583,258)	26,887,399
General fund	$20,429,502	$602,574	$21,032,076
FTE	202.75	(22.07)	180.68
Dakota College at Bottineau			
Operations	$17,168,111	$811,683	$17,979,794
Capital assets	114,007		114,007
Capital building fund		357,700	357,700
Total all funds	$17,282,118	$1,169,383	$18,451,501
Less estimated income	9,629,173	1,124,568	10,753,741
General fund	$7,652,945	$44,815	$7,697,760
FTE	84.30	(2.01)	82.29
Forest Service			
Operations	$14,958,447	$230,049	$15,188,496
Capital assets	118,728		118,728
Total all funds	$15,077,175	$230,049	$15,307,224
Less estimated income	10,650,748	14,652	10,665,400
General fund	$4,426,427	$215,397	$4,641,824
FTE	27.00	0.00	27.00
Bill total			
Total all funds	$2,479,903,429	$295,431,775	$2,775,335,204
Less estimated income	1,866,661,275	260,349,792	2,127,011,067
General fund	$613,242,154	$35,081,983	$648,324,137
FTE	6,767.76	(157.89)	6,609.87

HB1003 #1
3/19/19

House Bill No. 1003 - North Dakota University System - General Fund Summary of House Action

	Base Budget	House Changes	House Version
University System Office	$101,639,530	$6,536,864	$108,176,394
Bismarck State College	30,600,597	294,779	30,895,376
Lake Region State College	12,700,623	172,635	12,873,258
Williston State College	8,360,503	1,651,227	10,011,730
University of North Dakota	140,096,090	6,727,099	146,823,189
UND Medical Center	51,848,092	11,087,697	62,935,789
North Dakota State University	128,591,042	3,753,289	132,344,331
State College of Science	35,089,376	1,249,342	36,338,718
Dickinson State University	17,806,843	735,137	18,541,980
Mayville State University	14,249,605	2,080,768	16,330,373
Minot State University	39,750,979	(69,640)	39,681,339
Valley City State University	20,429,502	602,574	21,032,076
Dakota College at Bottineau	7,652,945	44,815	7,697,760
Forest Service	4,426,427	215,397	4,641,824
Total general fund	$613,242,154	$35,081,983	$648,324,137

Detail of House Changes to the General Fund

	Adjusts Funding for University System Office[1]	Provides Funding Formula Adjustments[2]	Adjusts Special Funds and FTE Positions[3]	Adds Funding for Residency Program[4]	Adds One-Time Funding for Theodore Roosevelt Digitization[5]	Adds Funding for Capital Projects[6]
University System Office	$6,536,864					
Bismarck State College		$294,779				
Lake Region State College		172,635				
Williston State College		1,651,227				
University of North Dakota		6,727,099				
UND Medical Center		6,580,445		$4,507,252		
North Dakota State University		3,753,289				
State College of Science		1,249,342				
Dickinson State University		485,137			$250,000	
Mayville State University		2,080,768				
Minot State University		(69,640)				
Valley City State University		602,574				
Dakota College at Bottineau		44,815				
Forest Service						
Total general fund	$6,536,864	$23,572,470	$0	$4,507,252	$250,000	$0

	Adds Funding for Capital Building Funds[7]	Adjusts Forest Service Funding[8]	Total the General Fund Changes
University System Office			$6,536,864
Bismarck State College			294,779
Lake Region State College			172,635
Williston State College			1,651,227
University of North Dakota			6,727,099
UND Medical Center			11,087,697
North Dakota State University			3,753,289
State College of Science			1,249,342
Dickinson State University			735,137
Mayville State University			2,080,768
Minot State University			(69,640)
Valley City State University			602,574
Dakota College at Bottineau			44,815
Forest Service		$215,397	215,397
Total general fund	$0	$215,397	$35,081,983

House Bill No. 1003 - North Dakota University System - Other Funds Summary of House Action

	Base Budget	House Changes	House Version
University System Office	$26,412,106	$2,550,610	$28,962,716
Bismarck State College	72,991,998	(3,062,872)	69,929,126
Lake Region State College	24,111,092	4,405,672	28,516,764
Williston State College	19,855,598	(137,663)	19,717,935
University of North Dakota	728,870,450	143,918,802	872,789,252
UND Medical Center	154,078,620	4,768,324	158,846,944
North Dakota State University	611,881,329	97,661,956	709,543,285
State College of Science	57,605,613	3,898,705	61,504,318
Dickinson State University	29,737,827	1,675,772	31,413,599
Mayville State University	30,307,148	1,906,832	32,213,980
Minot State University	62,058,916	3,207,692	65,266,608
Valley City State University	28,470,657	(1,583,258)	26,887,399
Dakota College at Bottineau	9,629,173	1,124,568	10,753,741
Forest Service	10,650,748	14,652	10,665,400
Total other funds	$1,866,661,275	$260,349,792	$2,127,011,067

Detail of House Changes to Other Funds

	Adjusts Funding for University System Office[1]	Provides Funding Formula Adjustments[2]	Adjusts Special Funds and FTE Positions[3]	Adds Funding for Residency Program[4]	Adds One-Time Funding for Theodore Roosevelt Digitization[5]	Adds Funding for Capital Projects[6]
University System Office	$2,550,610					
Bismarck State College			($4,741,954)			
Lake Region State College			777,396			$3,000,000
Williston State College			(573,475)			
University of North Dakota			13,525,344			115,000,000
UND Medical Center			4,768,324			
North Dakota State University			5,460,144			79,800,000
State College of Science			2,360,723			
Dickinson State University			718,130			
Mayville State University			1,073,000			
Minot State University			1,164,864			
Valley City State University			(2,611,944)			
Dakota College at Bottineau			766,868			
Forest Service						
Total other funds	$2,550,610	$0	$22,687,420	$0	$0	$197,800,000

	Adds Funding for Capital Building Funds[7]	Adjusts Forest Service Funding[8]	Total Other Funds Changes
University System Office			$2,550,610
Bismarck State College	$1,679,082		(3,062,872)
Lake Region State College	628,276		4,405,672
Williston State College	435,812		(137,663)
University of North Dakota	15,393,458		143,918,802
UND Medical Center			4,768,324
North Dakota State University	12,401,812		97,661,956
State College of Science	1,537,982		3,898,705
Dickinson State University	957,642		1,675,772
Mayville State University	833,832		1,906,832
Minot State University	2,042,828		3,207,692
Valley City State University	1,028,686		(1,583,258)
Dakota College at Bottineau	357,700		1,124,568
Forest Service		$14,652	14,652
Total other funds	$37,297,110	$14,652	$260,349,792

House Bill No. 1003 - North Dakota University System - All Funds Summary of House Action

	Base Budget	House Changes	House Version
University System Office	$128,051,636	$9,087,474	$137,139,110
Bismarck State College	103,592,595	(2,768,093)	100,824,502
Lake Region State College	36,811,715	4,578,307	41,390,022
Williston State College	28,216,101	1,513,564	29,729,665
University of North Dakota	868,966,540	150,645,901	1,019,612,441
UND Medical Center	205,926,712	15,856,021	221,782,733
North Dakota State University	740,472,371	101,415,245	841,887,616
State College of Science	92,694,989	5,148,047	97,843,036
Dickinson State University	47,544,670	2,410,909	49,955,579
Mayville State University	44,556,753	3,987,600	48,544,353
Minot State University	101,809,895	3,138,052	104,947,947
Valley City State University	48,900,159	(980,684)	47,919,475
Dakota College at Bottineau	17,282,118	1,169,383	18,451,501
Forest Service	15,077,175	230,049	15,307,224
Total all funds	$2,479,903,429	$295,431,775	$2,775,335,204
FTE	6,767.76	(157.89)	6,609.87

Detail of House Changes to All Funds

	Adjusts Funding for University System Office[1]	Provides Funding Formula Adjustments[2]	Adjusts Special Funds and FTE Positions[3]	Adds Funding for Residency Program[4]	Adds One-Time Funding for Theodore Roosevelt Digitization[5]	Adds Funding for Capital Projects[6]
University System Office	$9,087,474					
Bismarck State College		$294,779	($4,741,954)			
Lake Region State College		172,635	777,396			$3,000,000
Williston State College		1,651,227	(573,475)			
University of North Dakota		6,727,099	13,525,344			115,000,000
UND Medical Center		6,580,445	4,768,324	$4,507,252		
North Dakota State University		3,753,289	5,460,144			79,800,000
State College of Science		1,249,342	2,360,723			
Dickinson State University		485,137	718,130		$250,000	
Mayville State University		2,080,768	1,073,000			
Minot State University		(69,640)	1,164,864			
Valley City State University		602,574	(2,611,944)			
Dakota College at Bottineau		44,815	766,868			
Forest Service						
Total all funds	$9,087,474	$23,572,470	$22,687,420	$4,507,252	$250,000	$197,800,000
FTE	(0.50)	0.00	(157.39)	0.00	0.00	0.00

	Adds Funding for Capital Building Funds[7]	Adjusts Forest Service Funding[8]	Total All Funds Changes
University System Office			$9,087,474
Bismarck State College	$1,679,082		(2,768,093)
Lake Region State College	628,276		4,578,307
Williston State College	435,812		1,513,564
University of North Dakota	15,393,458		150,645,901
UND Medical Center			15,856,021
North Dakota State University	12,401,812		101,415,245
State College of Science	1,537,982		5,148,047
Dickinson State University	957,642		2,410,909
Mayville State University	833,832		3,987,600
Minot State University	2,042,828		3,138,052
Valley City State University	1,028,686		(980,684)
Dakota College at Bottineau	357,700		1,169,383
Forest Service		$230,049	230,049
Total all funds	$37,297,110	$230,049	$295,431,775
FTE	0.00	0.00	(157.89)

[1] Funding for the University System office is adjusted as detailed in the schedules below.

The following schedule details funding adjustments for system governance:

System Governance

	FTE Positions	General Fund	Other Funds	Total
Base payroll changes	(0.50)	$760	($226,935)	($226,175)
Salary increase		174,561	6,969	181,530
Health insurance increase		90,278	4,462	94,740
Restore funding for the Midwestern Higher Education Compact		230,000		230,000
Total	(0.50)	$495,599	($215,504)	$280,095

The following schedule details funding adjustments for Core Technology Services:

Core Technology Services

	General Fund	Other Funds	Total
Base payroll changes	$16	$59	$75
Salary increase	404,597	263,475	668,072
Health insurance increase	320,616	213,796	534,412
Remove funding from the student loan trust fund		(539,437)	(539,437)
Total	$725,229	($62,107)	$663,122

The following schedule details funding adjustments in other line items in the University System office budget:

	Funding Adjustments to Other Line Items			
	Base Level	General Fund Adjustment	Other Funds Adjustment	House Version
Capital bond payments	$6,605,326	($1,645,878)		$4,959,448
Title II	1,006,472		($1,006,472)	0
Student financial assistance grants	21,917,306	2,000,000		$23,917,306
Professional student exchange program	3,699,342	465,307	(465,307)	3,699,342
Tribal college grants	600,000	400,000	(500,000)	500,000
Education incentive programs	2,863,393	(2,103,393)		760,000
Dual-credit instructor assistance	200,000		(200,000)	0
Tier III capital building fund pool		4,000,000	5,000,000	9,000,000
Challenge grants		2,200,000		2,200,000
Total	$36,891,839	$5,316,036	$2,828,221	$45,036,096

[2] The following adjustments are made to institution general fund appropriations through the higher education funding formula:

	Credit Hour Completion Adjustment	Salary Increase	Health Insurance Increase	Hold Harmless Provision	Total Increase
Bismarck State College	($822,345)	$536,167	$580,957		$294,779
Dakota College at Bottineau	(233,523)	110,595	167,743		44,815
Lake Region State College	(292,840)	223,963	241,512		172,635
State College of Science	(64,604)	625,495	688,451		1,249,342
Williston State College	1,289,220	179,354	182,653		1,651,227
Dickinson State University	(228,509)	331,284	382,362		485,137
Mayville State University	1,443,653	293,670	343,445		2,080,768
Minot State University	(2,300,918)	721,208	799,191	$710,879	(69,640)
Valley City State University	(217,974)	354,107	466,441		602,574
North Dakota State University	(716,330)	2,305,373	2,164,246		3,753,289
University of North Dakota	3,544	3,426,959	3,296,596		6,727,099
UND School of Medicine	6,580,445				6,580,445
Total	$4,439,819	$9,108,175	$9,313,597	$710,879	$23,572,470

[3] The following adjustments are made to institution other funds appropriations and FTE positions:

	FTE Positions Adjustment	Salary Increase	Health Insurance Increase	Other Adjustments	Total
Bismarck State College	(34.42)	$684,881	$793,112	($6,219,947)	($4,741,954)
Lake Region State College	(11.51)	240,968	297,550	238,878	777,396
Williston State College	(0.27)	244,194	249,961	(1,067,630)	(573,475)
University of North Dakota	(85.90)	6,998,168	6,588,173	(60,997)	13,525,344
UND School of Medicine	49.57	1,554,668	1,318,041	1,895,615	4,768,324
North Dakota State University	(25.50)	5,703,094	6,069,593	(6,312,543)	5,460,144
State College of Science	(34.31)	557,546	742,674	1,060,503	2,360,723
Dickinson State University	44.36	339,891	408,144	(29,905)	718,130
Mayville State University	(1.26)	382,722	621,084	69,194	1,073,000
Minot State University	(34.07)	832,505	1,032,444	(700,085)	1,164,864
Valley City State University	(22.07)	257,239	340,031	(3,209,214)	(2,611,944)
Dakota College at Bottineau	(2.01)	94,244	147,723	524,901	766,868
Total	(157.39)	$17,890,120	$18,608,530	($13,811,230)	$22,687,420

[4] Funding of $4,507,252 from the general fund is added to continue funding 35 residency positions at the University of North Dakota School of Medicine and Health Sciences. Funding for the residency positions provided through the funding formula is transferred to the healthcare workforce initiative line item from the operations line item to provide total funding of $10,676,150 for the residency program.

[5] One-time funding of $250,000 from the general fund is added for the digitization of documents at the Theodore Roosevelt Center.

[6] One-time funding is added for the following capital building projects:

	Other Funds
LRSC precision agriculture center	$3,000,000
UND athletics High Performance Center phase II	35,000,000
UND Memorial Union (revenue bonds)	80,000,000
NDSU Barry Hall	3,000,000
NDSU indoor practice facility	37,200,000
NDSU softball indoor facility	2,000,000
NDSU University Village phase II (revenue bonds)	37,600,000
Total	$197,800,000

[7] One-time funding, including $10 million from Bank of North Dakota profits, is added as Tier II funding to establish a capital building fund at each institution as follows:

	Bank of North Dakota	1 Percent Tuition Increase	Institution Match	Total
Bismark State College	$425,693	$413,848	$839,541	$1,679,082
Lake Region State College	177,375	136,763	314,138	628,276
Williston State College	137,947	79,959	217,906	435,812
University of North Dakota	4,361,801	3,334,928	7,696,729	15,393,458
North Dakota State University	2,899,596	3,301,310	6,200,906	12,401,812
State College of Science	500,695	268,296	768,991	1,537,982
Dickinson State University	268,862	209,959	478,821	957,642
Mayville State University	240,029	176,887	416,916	833,832
Minot State University	572,801	448,613	1,021,414	2,042,828
Valley City State University	309,137	205,206	514,343	1,028,686
Dakota College at Bottineau	106,064	72,786	178,850	357,700
Total	$10,000,000	$8,648,555	$18,648,555	$37,297,110

[8] The following funding adjustments are made for the Forest Service:

Forest Service

	FTE Positions	General Fund	Other Funds	Total
Base payroll changes			$14,652	$14,652
Salary increase		$94,921		94,921
Health insurance increase		120,476		120,476
Total	0.00	$215,397	$14,652	$230,049

House Bill No. 1003 - Other Changes - House Action

This amendment also:

- Restores language in Title 15 of the North Dakota Century Code, relating to the Midwestern Higher Education Compact.
- Amends Section 15-10-49 to include Dickinson State University as an eligible institution for the higher education challenge grant program.
- Adds 3 new subsections to section 15-10-63, relating to capital project authorization.
- Amends Section 15-18.2-02 to transition funding for residency positions and the University of North Dakota School of Medicine and Health Sciences to a separate line item outside of the formula.
- Amends Section 15-62.4-03 relating to the student financial assistance program to increase the maximum annual award from $1,950 to $2,200.
- Repeals Section 15-10-61 relating to the dual-credit instructor assistance pilot program.
- Adds a section to provide for a portion of the funding formula allocation attributable to inflation to be transferred between the University of North Dakota and the University of North Dakota School of Medicine and Health Sciences.
- Adds a section to authorize the State Board of Higher Education to issue and sell revenue bonds for capital projects.
- Adds sections to provide requirements relating to Tier II and Tier III capital building fund moneys.
- Adds a section to provide for tuition increase limits.

HB1003 #1
3/19/19

19.0191.02000

Sixty-sixth
Legislative Assembly
of North Dakota

FIRST ENGROSSMENT

ENGROSSED HOUSE BILL NO. 1003

Introduced by

Appropriations Committee

A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota university system; to create and enact a new chapter to title 15 and three new subsection to section 15-10-63 of the North Dakota Century Code, relating to the midwestern higher education compact and capital project authorization; to amend and reenact sections 15-10-49, 15-18.2-02, 15-18.2-05, 15-62.4-03, and 54-44.1-11 of the North Dakota Century Code, relating to matching grants for institutions under the control of the state board of higher education, state aid to institutions, the student financial assistance grant program, and the cancellation of unexpended appropriations; to repeal section 15-10-61 of the North Dakota Century Code, relating to the dual-credit instructor assistance program; to authorize the state board of higher education to issue and sell bonds for capital projects; to provide for a transfer; to provide for report; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the state board of higher education and to the entities and institutions under the supervision of the board, for the purpose of defraying the expenses of the state board of higher education and the entities and institutions under the control of the board, for the biennium beginning July 1, 2019, and ending June 30, 2021, as follows:

Subdivision 1.

NORTH DAKOTA UNIVERSITY SYSTEM OFFICE

	Base Level	Adjustments or Enhancements	Appropriation
Capital assets - bond payments	$6,605,326	($1,645,878)	$4,959,448

Competitive research programs	6,027,750	0	6,027,750
System governance	8,163,238	280,095	8,443,333
Title II	1,006,472	(1,006,472)	0
Core technology services	61,527,347	663,122	62,190,469
Student financial assistance grants	21,917,306	2,000,000	23,917,306
Professional student exchange program	3,699,342	0	3,699,342
Academic and technical education scholarships	12,016,749	0	12,016,749
Scholars program	1,807,115	0	1,807,115
Native American scholarship	555,323	0	555,323
Tribally controlled community college grants	600,000	(100,000)	500,000
Education incentive programs	2,863,393	(2,103,393)	760,000
Student mental health	284,400	0	284,400
Veterans' assistance grants	277,875	0	277,875
Shared campus services	500,000	0	500,000
Dual-credit instructor assistance	200,000	(200,000)	0
Education challenge fund	0	2,200,000	2,200,000
Tier III capital building fund pool	0	9,000,000	9,000,000
Total all funds	$128,051,636	$9,087,474	$137,139,110
Less estimated income	26,412,106	2,550,610	28,962,716
Total general fund	$101,639,530	$6,536,864	$108,176,394
Full-time equivalent positions	149.40	(0.50)	148.90

Subdivision 2.

BISMARCK STATE COLLEGE

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$101,670,034	($4,447,175)	$97,222,859
Capital assets	1,922,561	0	1,922,561
Capital building fund	0	1,679,082	1,679,082
Total all funds	$103,592,595	($2,768,093)	$100,824,502
Less estimated income	72,991,998	(3,062,872)	69,929,126

Total general fund	$30,600,597	$294,779	$30,895,376
Full-time equivalent positions	358.35	(34.42)	323.93

Subdivision 3.

LAKE REGION STATE COLLEGE

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$36,449,048	$950,031	$37,399,079
Capital assets	362,667	3,000,000	3,362,667
Capital building fund	0	628,276	628,276
Total all funds	$36,811,715	$4,578,307	$41,390,022
Less estimated income	24,111,092	4,405,672	28,516,764
Total general fund	$12,700,623	$172,635	$12,873,258
Full-time equivalent positions	129.61	(11.51)	118.10

Subdivision 4.

WILLISTON STATE COLLEGE

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$26,954,133	$1,077,752	$28,031,885
Capital assets	1,261,968	0	1,261,968
Capital building fund	0	435,812	435,812
Total all funds	$28,216,101	$1,513,564	$29,729,665
Less estimated income	19,855,598	(137,663)	19,717,935
Total general fund	$8,360,503	$1,651,227	$10,011,730
Full-time equivalent positions	100.75	(0.27)	100.48

Subdivision 5.

UNIVERSITY OF NORTH DAKOTA

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$864,554,974	$20,252,443	$884,807,417
Capital assets	4,411,566	115,000,000	119,411,566
Capital building fund	0	15,393,458	15,393,458

Total all funds	$868,966,540	$150,645,901	$1,019,612,441
Less estimated income	728,870,450	143,918,802	872,789,252
Total general fund	$140,096,090	$6,727,099	$146,823,189
Full-time equivalent positions	2,218.07	(85.90)	2,132.17

Subdivision 6.

NORTH DAKOTA STATE UNIVERSITY

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$732,673,267	$9,213,433	$741,886,700
Capital assets	7,799,104	79,800,000	87,599,104
Capital building fund	0	12,401,812	12,401,812
Total all funds	$740,472,371	$101,415,245	$841,887,616
Less estimated income	611,881,329	97,661,956	709,543,285
Total general fund	$128,591,042	$3,753,289	$132,344,331
Full-time equivalent positions	1,895.66	(25.50)	1,870.16

Subdivision 7.

NORTH DAKOTA STATE COLLEGE OF SCIENCE

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$91,682,610	$3,610,065	$95,292,675
Capital assets	1,012,379	0	1,012,379
Capital building fund	0	1,537,982	1,537,982
Total all funds	$92,694,989	$5,148,047	$97,843,036
Less estimated income	57,605,613	3,898,705	61,504,318
Total general fund	$35,089,376	$1,249,342	$36,338,718
Full-time equivalent positions	345.04	(34.31)	310.73

Subdivision 8.

DICKINSON STATE UNIVERSITY

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$47,135,592	$1,203,267	$48,338,859

Capital assets	409,078	0	409,078
Capital building fund	0	957,642	957,642
Theodore Roosevelt digitization	0	250,000	250,000
Total all funds	$47,544,670	$2,410,909	$49,955,579
Less estimated income	29,737,827	1,675,772	31,413,599
Total general fund	$17,806,843	$735,137	$18,541,980
Full-time equivalent positions	168.90	44.36	213.26

Subdivision 9.

MAYVILLE STATE UNIVERSITY

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$44,197,761	$3,153,768	$47,351,529
Capital assets	358,992	0	358,992
Capital building fund	0	833,832	833,832
Total all funds	$44,556,753	$3,987,600	$48,544,353
Less estimated income	30,307,148	1,906,832	32,213,980
Total general fund	$14,249,605	$2,080,768	$16,330,373
Full-time equivalent positions	210.53	(1.26)	209.27

Subdivision 10.

MINOT STATE UNIVERSITY

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$100,710,275	$1,095,224	$101,805,499
Capital assets	1,099,620	0	1,099,620
Capital building fund	0	2,042,828	2,042,828
Total all funds	$101,809,895	$3,138,052	$104,947,947
Less estimated income	62,058,916	3,207,692	65,266,608
Total general fund	$39,750,979	($69,640)	$39,681,339
Full-time equivalent positions	441.65	(34.07)	407.58

Subdivision 11.

VALLEY CITY STATE UNIVERSITY

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$48,444,336	($2,009,370)	$46,434,966
Capital assets	455,823	0	455,823
Capital building fund	0	1,028,686	1,028,686
Total all funds	$48,900,159	($980,684)	$47,919,475
Less estimated income	28,470,657	(1,583,258)	26,887,399
Total general fund	$20,429,502	$602,574	$21,032,076
Full-time equivalent positions	202.75	(22.07)	180.68

Subdivision 12.

DAKOTA COLLEGE AT BOTTINEAU

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$17,168,111	$811,683	$17,979,794
Capital assets	114,007	0	114,007
Capital building fund	0	357,700	357,700
Total all funds	$17,282,118	$1,169,383	$18,451,501
Less estimated income	9,629,173	1,124,568	10,753,741
Total general fund	$7,652,945	$44,815	$7,697,760
Full-time equivalent positions	84.30	(2.01)	82.29

Subdivision 13.

UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$205,926,712	$5,179,871	$211,106,583
Health care workforce initiative	0	10,676,150	10,676,150
Total all funds	$205,926,712	$15,856,021	$221,782,733
Less estimated income	154,078,620	4,768,324	158,846,944
Total general fund	$51,848,092	$11,087,697	$62,935,789
Full-time equivalent positions	435.75	49.57	485.32

Subdivision 14.

NORTH DAKOTA FOREST SERVICE

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$14,958,447	$230,049	$15,188,496
Capital assets	118,728	0	118,728
Total all funds	$15,077,175	$230,049	$15,307,224
Less estimated income	10,650,748	14,652	10,665,400
Total general fund	$4,426,427	$215,397	$4,641,824
Full-time equivalent positions	27.00	0.00	27.00

Subdivision 15.

BILL TOTAL

	Base Level	Adjustments or Enhancements	Appropriation
Grand total general fund	$613,242,154	$35,081,983	$648,324,137
Grand total special funds	1,866,661,275	260,349,792	2,127,011,067
Grand total all funds	$2,479,903,429	$295,431,775	$2,775,335,204

SECTION 2. ONE-TIME FUNDING. The following amounts reflect one-time funding items approved by the sixty-fifth legislative assembly for the 2017-19 biennium and the 2019-21 biennium one-time funding items included in the appropriation in section 1 of this Act:

One-Time Funding Description	2017-19	2019-21
Capital projects - other funds	$168,505,000	$197,800,000
Education challenge grants	2,000,000	2,200,000
Tier II and tier III capital building funds	0	46,297,110
Theodore Roosevelt digitization	0	250,000
Institution operations distributions	2,000,000	0
Dickinson state university operations and debt repayment	8,284,626	0
Two-year campus study	40,000	0
Valley City state university integrated carbon project	22,500,000	0
Minot state university projects	2,284,000	0
Midwestern higher education compact dues	230,000	0
Total all funds	$205,843,626	$246,547,110

Total other funds	193,289,000	240,097,110
Total general fund	$12,554,626	$6,450,000

The 2019-21 biennium one-time funding amounts are not a part of the entity's base budget for the 2021-23 biennium. The institutions and entities under the control of the state board of higher education shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 3. A new chapter to title 15 of the North Dakota Century Code is created and enacted as follows:

Midwestern regional higher education compact.

The midwestern regional higher education compact is adopted as follows:

ARTICLE I - PURPOSE

The purpose of the midwestern higher education compact is to provide greater higher education opportunities and services in the midwestern region, with the aim of furthering regional access to, research in, and choice of higher education for the citizens residing in the states that are parties to this compact.

ARTICLE II - THE COMMISSION

1. The compacting states create the midwestern higher education commission, hereinafter called the commission. The commission is a body corporate of each compacting state. The commission has all the responsibilities, powers, and duties set forth in this chapter, including the power to sue and be sued, and any additional powers conferred upon it by subsequent action of the respective legislative assemblies of the compacting states in accordance with the terms of this compact.
2. The commission consists of the following five resident members from each state: the governor or the governor's designee who serves during the tenure of office of the governor; two legislators, one from each house, except for Nebraska, which may appoint two legislators from its legislative assembly, who serve two-year terms and are appointed by the appropriate appointing authority in each house of the legislative assembly; and two other at large members, at least one of whom is to be selected from the field of higher education. The at large members are to be appointed as provided by the laws of the appointing state. One of the two at large members initially

appointed in each state serves a two-year term. The other, and any regularly appointed successor to either at large member, serves a four-year term. All vacancies are to be filled in accordance with the laws of the appointing states. Any commissioner appointed to fill a vacancy serves until the end of the incomplete term.

3. The commission shall select annually, from among its members, a chairman, a vice chairman, and a treasurer.

4. The commission shall appoint an executive director who serves at its pleasure and who is secretary to the commission. The treasurer, the executive director, and other personnel as the commission determines must be bonded in the amounts required by the commission.

5. The commission shall meet at least once each calendar year. The chairman may call additional meetings and upon the request of a majority of the commission members of three or more compacting states, shall call additional meetings. The commission shall give public notice of all meetings. All meetings must be open to the public.

6. Each compacting state represented at any meeting of the commission is entitled to one vote. A majority of the compacting states constitute a quorum for the transaction of business, unless a larger quorum is required by the bylaws of the commission.

ARTICLE III - POWERS AND DUTIES OF THE COMMISSION

1. The commission shall adopt bylaws governing its management and operations.

2. Notwithstanding the laws of any compacting state, the commission shall provide for the personnel policies and programs of the compact in its bylaws.

3. The commission shall submit a budget to the governor and legislative assembly of each compacting state at the time and for the period required by each state. The budget must contain recommendations regarding the amount to be appropriated by each compacting state.

4. The commission shall report annually to the legislative assemblies and governors of the compacting states, to the midwestern governors' conference, and to the midwestern legislative conference of the council of state governments regarding the activities of the commission during the preceding year. The reports must include any recommendations that have been adopted by the commission.

5. The commission may borrow, accept, or contract for the services of personnel from any state or from the United States, or from any subdivision or agency thereof, from any interstate agency, or from any person.

6. The commission may accept for any of its purposes and functions under the compact donations and grants of money, equipment, supplies, materials, and services, conditional or otherwise, from any state or the United States or from any subdivision or agency thereof, from an interstate agency, or from any person, and may receive, use, and dispose of the same.

7. The commission may enter agreements with any other interstate education organization or agency, with institutions of higher education located in nonmember states, and with any of the various states to provide adequate programs and services in higher education for the citizens of the respective compacting states. After negotiations with interested institutions and interstate organizations or agencies, the commission shall determine the cost of providing the programs and services in higher education for use in these agreements.

8. The commission may establish and maintain offices in one or more of the compacting states.

9. The commission may establish committees and hire staff as necessary to carry out its functions.

10. The commission may provide for actual and necessary expenses for the attendance of its members at official meetings of the commission or of its designated committees.

ARTICLE IV - ACTIVITIES OF THE COMMISSION

1. The commission shall collect data on the long-range effects of the compact on higher education. By the end of the fourth year from the effective date of the compact and every two years thereafter, the commission shall review its accomplishments and make recommendations to the governors and legislative assemblies of the compacting states regarding continuance of the compact.

2. The commission shall study higher education issues that are of particular concern to the midwestern region. The commission also shall study the need for higher education programs and services in the compacting states and the resources for meeting those needs. The commission shall prepare reports, on its research, for presentation to the

governors and legislative assemblies of the compacting states, as well as to other interested parties. In conducting the studies, the commission may confer with any national or regional planning body. The commission may draft and recommend to the governors and legislative assemblies of the various compacting states suggested legislation addressing issues in higher education.

3. The commission shall study the need for the provision of adequate programs and services in higher education, such as undergraduate, graduate, or professional student exchanges in the region. If a need for exchange in a field is apparent, the commission may enter agreements with any institution of higher education and with any compacting state to provide programs and services in higher education for the citizens of the respective compacting states. After negotiating with interested institutions and the compacting states, the commission shall determine the cost of providing the programs and services in higher education for use in its agreements. The contracting states shall contribute funds not otherwise provided, as determined by the commission, to carry out the agreements. The commission may also serve as the administrative and fiscal agent in carrying out agreements for higher education programs and services.

4. The commission shall serve as a clearinghouse for information regarding higher education activities among institutions and agencies.

5. The commission may provide services and research in any other area of regional concern.

ARTICLE V - FINANCE

1. The compacting states will appropriate the amount necessary to finance the general operations of the commission, not otherwise provided for, when authorized by their respective legislative assemblies. The amount must be apportioned equally among the compacting states.

2. The commission may not incur any obligations prior to the passage of appropriations adequate to meet the same; nor may the commission pledge the credit of any of the compacting states, except by and with the authority of the compacting state.

3. The commission shall keep accurate accounts of its receipts and disbursements. The receipts and disbursements of the commission are subject to the audit and accounting

procedures established under its bylaws. All receipts and disbursements handled by the commission must be audited yearly by a certified or licensed public accountant and the report of the audit must be included in and become part of the annual report of the commission.

4. The accounts of the commission must be open at any reasonable time for inspection by duly authorized representatives of the compacting states and by persons authorized by the commission.

ARTICLE VI - ELIGIBLE PARTIES AND ENTRY INTO FORCE

1. The states of Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin are eligible to become parties to this compact. Additional states may be eligible if approved by a majority of the compacting states.
2. This compact becomes effective, as to any eligible party state, when its legislative assembly enacts the compact into law.
3. An amendment to the compact becomes effective upon its enactment by the legislative assemblies of all compacting states.

ARTICLE VII - WITHDRAWAL, DEFAULT, AND TERMINATION

1. A compacting state may withdraw from the compact by enacting a statute repealing the compact, but the withdrawal may not become effective until two years after the enactment of such statute. A withdrawing state is liable for any obligation that it incurred on account of its party status, up to the effective date of withdrawal, except that if the withdrawing state has specifically undertaken or committed itself to any performance of an obligation extending beyond the effective date of withdrawal, it remains liable to the extent of the obligation.
2. If a compacting state at any time defaults in the performance of its obligations, assumed or imposed, in accordance with this compact, all rights, privileges, and benefits conferred by this compact or by agreements made under the compact are suspended from the effective date of the default, as fixed by the commission. The commission shall stipulate the conditions and maximum time for compliance under which the defaulting state may resume its regular status. Unless the default is remedied under the stipulations and within the time period set by the commission, the

compact may be terminated with respect to the defaulting state by affirmative vote of a majority of the other member states. A defaulting state may be reinstated by performing all acts and obligations required by the commission.

ARTICLE VIII - SEVERABILITY AND CONSTRUCTION

The provisions of this compact are severable, and if any phrase, clause, sentence, or provision of this compact is declared to be contrary to the constitution of any compacting state or of the United States or its applicability to any person or circumstance is held invalid, the validity of the remainder of the compact and its applicability to any person or circumstance may not be affected. If the compact is found to be contrary to the constitution of any compacting state, the compact remains in full force and effect as to the remaining states and in full force and effect as to the state affected as to all severable matters. The provisions of the compact must be liberally construed to effectuate the purpose of the compact.

Midwestern higher education commission - Terms - Vacancies.

1. The members of the midwestern higher education commission representing this state are:
   a. The governor or the governor's designee.
   b. One member of the senate and one member of the house of representatives, appointed by the chairman of the legislative management.
   c. Two at-large members, one of whom must be knowledgeable about the field of higher education, appointed by the governor.
2. The term of each legislative appointee is two years. One initial at-large member must be appointed for a term of two years and the other for a term of four years. Thereafter, the term of each at-large member is four years.
3. If a member vacates the position to which the member was appointed, the position must be filled for the remainder of the unexpired term in the same manner as that position was filled initially.

SECTION 4. AMENDMENT. Section 15-10-49 of the North Dakota Century Code is amended and reenacted as follows:

15-10-49. Advancement of academics - Matching grants - Two-year and four-year institutions of higher education.

1. a. Subject to legislative appropriations, each biennium during the period beginning July first of each odd-numbered year and ending December thirty-first of each even-numbered year, the state board of higher education shall award one dollar in matching grants for every two dollars raised by the institutional foundations of Bismarck state college, Dakota college at Bottineau, Dickinson state university, Lake Region state college, Mayville state university, Minot state university, North Dakota state college of science, Valley City state university, and Williston state college for projects dedicated exclusively to the advancement of academics.

   b. To be eligible for a matching grant, an institution must demonstrate that:

      (1) Its foundation has raised at least twenty-five thousand dollars in cash or monetary pledges for a qualifying project; and

      (2) The project has been approved by the grant review committee established in section 15-10-51.

   c. The board may award up to two hundred thousand dollars in matching grants to each institution.

2. a. If any available dollars have not been awarded by the board before January first of each odd-numbered year, in accordance with subsection 1, any institution listed in subsection 1 may apply for an additional matching grant.

   b. An application submitted under this subsection must meet the same criteria as an original application.

   c. The board shall consider each application submitted under this subsection in chronological order.

   d. If the remaining dollars are insufficient to provide a matching grant in the amount of one dollar for every two dollars raised by the institutional foundation, the board shall award a lesser amount.

3. The state board of higher education shall retain up to one-quarter of one percent of any grant awarded under this section to assist with administrative expenses incurred in the grant review process.

SECTION 5. A new subsection to section 15-10-63 of the North Dakota Century Code is created and enacted as follows:

Notwithstanding any existing agreements, an institution under the control of the state board of higher education shall obtain approval from the legislative assembly before the institution acquires any additional facility space to be used by the institution for any purpose, if the acquisition would result in additional operating costs to be paid from any source. This subsection does not apply to operating lease agreements that preclude the ownership of the leased facility.

SECTION 6. A new subsection to section 15-10-63 of the North Dakota Century Code is created and enacted as follows:

Notwithstanding any existing agreements, an institution under the control of the state board of higher education shall obtain approval from the legislative assembly before an institution purchases, rents, occupies, or otherwise utilizes a building or any portion of a building for a purpose that directly or indirectly supports or relates to the institution's educational or administrative functions if the building is located more than ten miles from the campus of the institution. This subsection does not apply to buildings utilized by an institution to offer dual-credit courses, buildings utilized by the agricultural experiment station and research extension centers, and buildings utilized by the North Dakota state university extension service. For purposes of this section, "campus" means the campus of the institution under the federal Clery Act [Pub. L. 105-244; 20 U.S.C. 1092(f)].

SECTION 7. A new subsection to section 15-10-63 of the North Dakota Century Code is created and enacted as follows:

An institution that obtains legislative approval to acquire any additional facility space to be used by the institution for any purpose shall establish a maintenance reserve fund of at least three percent of the total construction cost or replacement value, whichever is greater, of the acquired space. The institution's plans for funding the maintenance reserve fund must be included in the request for legislative approval. Maintenance reserve funds must be deposited in an account under the control of the state board of higher education before the acquired space may be occupied, and the funds may be used for maintenance repairs after the total deferred maintenance of the space

exceeds thirty percent of its replacement value. The funds may not be used for any other purpose. This subsection does not apply to additional space acquired through the sale of revenue bonds that require by covenant the establishment of maintenance reserve funds.

SECTION 8. AMENDMENT. Section 15-18.2-02 of the North Dakota Century Code is amended and reenacted as follows:

15-18.2-02. Weighted credit-hours - Determination - Instructional program classification factors - Submission to legislative management.

1. In order to determine the weighted credit-hours for each institution under its control, the state board of higher education shall multiply each of an institution's completed credit-hours, as determined under section 15-18.2-01, by an instructional program classification factor, as set forth in this section.
   a. The factors for credits completed in agriculture are:
      (1) 1.9 for lower division credits;
      (2) 3.8 for upper division credits;
      (3) 5.7 for professional level credits; and
      (4) 7.6 for graduate level credits.
   b. The factors for credits completed in architecture are:
      (1) 1.8 for lower division credits;
      (2) 3.6 for upper division credits;
      (3) 5.4 for professional level credits; and
      (4) 7.2 for graduate level credits.
   c. The factors for credits completed in transportation are:
      (1) 1.9 for lower division credits;
      (2) 3.8 for upper division credits;
      (3) 5.7 for professional level credits; and
      (4) 7.6 for graduate level credits.
   d. The factors for credits completed in the biological and physical sciences are:
      (1) 1.9 for lower division credits;
      (2) 3.8 for upper division credits;
      (3) 5.7 for professional level credits; and

(4) 7.6 for graduate level credits.

e. The factors for credits completed in business are:

(1) 1.9 for lower division credits;

(2) 3.8 for upper division credits;

(3) 5.7 for professional level credits; and

(4) 7.6 for graduate level credits.

f. The factors for credits completed in education are:

(1) 1.9 for lower division credits;

(2) 3.8 for upper division credits;

(3) 5.7 for professional level credits; and

(4) 7.6 for graduate level credits.

g. The factors for credits completed in engineering are:

(1) 2.5 for lower division credits;

(2) 5.0 for upper division credits;

(3) 7.5 for professional level credits; and

(4) 10.0 for graduate level credits.

h. The factors for credits completed in the health sciences are:

(1) 3.0 for lower division credits;

(2) 6.0 for upper division credits;

(3) 9.0 for professional level credits;

(4) 12.0 for graduate level credits; and

(5) ~~38.0~~34.5 for medical school credits.

i. The factors for credits completed in legal studies are:

(1) 3.5 for lower division credits;

(2) 7.0 for upper division credits;

(3) 10.5 for professional level credits; and

(4) 14.0 for graduate level credits.

j. The factors for credits completed in the core disciplines are:

(1) 1.0 for lower division credits;

(2) 2.0 for upper division credits;

(3) 3.0 for professional level credits; and

(4) 4.0 for graduate level credits.

k. The factor for credits completed in career and technical education is 2.0.

l. The factor for completed basic skills credits is 2.3.

2. a. The state board of higher education shall ensure that all delineations in this section reflect the requirements of a nationally recognized and standardized instructional program classification system.

b. Before adopting any changes to the delineations implemented in accordance with this section, the state board of higher education shall present the proposed changes to and receive the approval of the legislative management.

SECTION 9. AMENDMENT. Section 15-18.2-05 of the North Dakota Century Code is amended and reenacted as follows:

15-18.2-05. Base funding - Determination of state aid.

1. Except as provided under subsection 2, in order to determine the state aid payment to which each institution under its control is entitled, the state board of higher education shall multiply the product determined under section 15-18.2-04 by a base amount of:

a. ~~$58.65~~$60.70 in the case of North Dakota state university and the university of North Dakota;

b. ~~$86.95~~$90.48 in the case of Dickinson state university, Mayville state university, Minot state university, and Valley City state university; and

c. ~~$93.03~~$96.52 in the case of Bismarck state college, Dakota college at Bottineau, Lake Region state college, North Dakota state college of science, and Williston state college.

2. An institution is entitled to an amount equal to seventy-five percent of the product determined under subsection 1 for credits completed by students receiving a tuition waiver pursuant to section 54-12-35.

SECTION 10. AMENDMENT. Section 15-62.4-03 of the North Dakota Century Code is amended and reenacted as follows:

15-62.4-03. Student financial assistance program - Grants.

1. The state board of higher education shall provide to each eligible student a financial assistance grant in an amount not exceeding:

a. ~~Nine hundred seventy-five~~One thousand one hundred dollars per semester; or

b. ~~Six hundred fifty~~Seven hundred thirty-three dollars per quarter.

2. a. A student is not entitled to receive grants under this chapter for more than the equivalent of:

(1) Eight semesters of full-time enrollment; or

(2) Twelve quarters of full-time enrollment.

b. Notwithstanding subdivision a, a student is not entitled to receive a grant under this chapter after the student obtains a baccalaureate degree.

3. The board shall forward grants payable under this chapter directly to the institution in which the student is enrolled.

SECTION 11. AMENDMENT. Section 54-44.1-11 of the North Dakota Century Code is amended and reenacted as follows:

54-44.1-11. Office of management and budget to cancel unexpended appropriations - When they may continue. (Effective through July 31, ~~2019~~2021)

Except as otherwise provided by law, the office of management and budget, thirty days after the close of each biennial period, shall cancel all unexpended appropriations or balances of appropriations after the expiration of the biennial period during which they became available under the law. Unexpended appropriations for the state historical society are not subject to this section and the state historical society shall report on the amounts and uses of funds carried over from one biennium to the appropriations committees of the next subsequent legislative assembly. Unexpended appropriations for the North Dakota university system are not subject to this section and the North Dakota university system shall report on the amounts and uses of funds carried over from one biennium to the next to subsequent appropriations committees of the legislative assembly. The chairmen of the appropriations committees of the senate and house of representatives of the legislative assembly with the office of the budget may continue appropriations or balances in force for not more than two years after the expiration of the biennial period during which they became available upon recommendation of the director of the budget for:

1. New construction projects.
2. Major repair or improvement projects.

3. Purchases of new equipment costing more than ten thousand dollars per unit if it was ordered during the first twelve months of the biennium in which the funds were appropriated.
4. The purchase of land by the state on a "contract for deed" purchase if the total purchase price is within the authorized appropriation.
5. Purchases by the department of transportation of roadway maintenance equipment costing more than ten thousand dollars per unit if the equipment was ordered during the first twenty-one months of the biennium in which the funds were appropriated.
6. Authorized ongoing information technology projects.

Office of management and budget to cancel unexpended appropriations - When they may continue. (Effective after July 31, ~~2019~~2021) The office of management and budget, thirty days after the close of each biennial period, shall cancel all unexpended appropriations or balances of appropriations after the expiration of the biennial period during which they became available under the law. Unexpended appropriations for the state historical society are not subject to this section and the state historical society shall report on the amounts and uses of funds carried over from one biennium to the appropriations committees of the next subsequent legislative assembly. The chairmen of the appropriations committees of the senate and house of representatives of the legislative assembly with the office of the budget may continue appropriations or balances in force for not more than two years after the expiration of the biennial period during which they became available upon recommendation of the director of the budget for:

1. New construction projects.
2. Major repair or improvement projects.
3. Purchases of new equipment costing more than ten thousand dollars per unit if it was ordered during the first twelve months of the biennium in which the funds were appropriated.
4. The purchase of land by the state on a "contract for deed" purchase if the total purchase price is within the authorized appropriation.
5. Purchases by the department of transportation of roadway maintenance equipment costing more than ten thousand dollars per unit if the equipment was ordered during the first twenty-one months of the biennium in which the funds were appropriated.

6. Authorized ongoing information technology projects.

SECTION 12. REPEAL. Section 15-10-61 of the North Dakota Century Code is repealed.

SECTION 13. ADDITIONAL FEDERAL, PRIVATE, AND OTHER FUNDS - APPROPRIATION. All funds, in addition to those appropriated in section 1 of this Act, from federal, private, and other sources for competitive grants or other funds that the legislative assembly has not indicated the intent to reject, including tuition revenue, received by the state board of higher education and the institutions and entities under the control of the state board of higher education, are appropriated to the board and those institutions and entities, for the biennium beginning July 1, 2019, and ending June 30, 2021. All additional funds received under the North Dakota-Minnesota reciprocity agreement during the biennium beginning July 1, 2019, and ending June 30, 2021, are appropriated to the state board of higher education for reimbursement to institutions under the control of the board.

SECTION 14. CAMPUS CAPITAL PROJECTS - PROJECT MANAGEMENT. During the period beginning with the effective date of this Act, and ending June 30, 2021, each capital project authorized by the state board of higher education must have adequate project management oversight by either an institution official or a representative of an external entity. An institution may seek assistance from the North Dakota university system office for project management oversight of a capital project.

SECTION 15. UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES OPERATIONS. The operations line item in subdivision 5 of section 1 of this Act includes a funding allocation from the higher education per student credit-hour funding formula attributable to inflation during the biennium beginning July 1, 2019, and ending June 30, 2021. Based on the recommendation of the commissioner of higher education a portion of the allocation may be transferred by the state board of higher education between the university of North Dakota school of medicine and health sciences and the university of North Dakota.

SECTION 16. TRANSFER AUTHORITY - LEGISLATIVE MANAGEMENT REPORT. Notwithstanding section 54-16-04, the state board of higher education may transfer appropriation authority from the operations to the capital assets and capital building fund line items within subdivisions 2 through 14 of section 1 of this Act for the biennium beginning July 1, 2019, and ending June 30, 2021. The board shall report any transfer of funds under this section to the office of management and budget and the legislative management.

SECTION 17. FULL-TIME EQUIVALENT POSITION ADJUSTMENTS. Notwithstanding any other provisions of law, the state board of higher education may adjust full-time equivalent positions as needed, subject to the availability of funds, for institutions and entities under its control during the biennium beginning July 1, 2019, and ending June 30, 2021. The North Dakota university system shall report any adjustments to the office of management and budget as part of the submission of the 2021-23 biennium budget request.

SECTION 18. USE OF EXTRAORDINARY REPAIRS FUNDING - MATCHING FUNDS. The capital assets line items in subdivisions 2 through 12 of section 1 of this Act include funding from the general fund for institution extraordinary repairs. An institution shall provide two dollars of matching funds from operations or other sources for each one dollar of extraordinary repairs funding used for a project. An institution may not use tier II or tier III capital building fund moneys as matching funds under this section.

SECTION 19. BOND ISSUANCE AUTHORIZATION - PURPOSES. The state board of higher education, in accordance with chapter 15-55, may arrange for the funding of projects authorized in this section, declared to be in the public interest, through the issuance of self-liquidating, tax-exempt evidences of indebtedness under chapter 15-55, beginning with the effective date of this Act and ending June 30, 2021. Evidences of indebtedness issued pursuant to this section are not a general obligation of the state of North Dakota. Any unexpended balance resulting from the proceeds of the evidences of indebtedness must be placed in a sinking fund to be used for the retirement of indebtedness. The evidences of indebtedness may be issued and the proceeds are appropriated in section 1 of this Act for the following capital projects:

University of North Dakota - memorial union	$80,000,000
North Dakota state university - university village phase II	37,600,000
Total special funds	$117,600,000

SECTION 20. TRANSFER - BANK OF NORTH DAKOTA PROFITS - TIER II CAPITAL BUILDING FUNDS - MATCHING FUNDS. The industrial commission shall transfer to institutions under the control of the state board of higher education a total of $10,000,000, or so much of the sum as may be necessary, from the current earnings and accumulated undivided profits of the Bank of North Dakota during the period beginning with the effective date of this Act, and ending June 30, 2021, as requested by the commissioner of higher education. The

capital building fund and estimated income line items in subdivisions 2 through 12 of section 1 of this Act include $10,000,000 from the current earnings and accumulated undivided profits of the Bank of North Dakota and $8,648,555 from a one percent per year increase in tuition as follows:

	Bank of North Dakota	Estimated Tuition Commitment
Bismarck state college	$425,693	$413,848
Lake Region state college	177,375	136,763
Williston state college	137,947	79,959
University of North Dakota	4,361,801	3,334,928
North Dakota state university	2,899,596	3,301,310
North Dakota state college of science	500,695	268,296
Dickinson state university	268,862	209,959
Mayville state university	240,029	176,887
Minot state university	572,801	448,613
Valley City state university	309,137	205,206
Dakota college at Bottineau	106,064	72,786
Total	$10,000,000	$8,648,555

An institution shall provide one dollar of matching funds from operations or other sources for each one dollar from Bank of North Dakota profits and for each one dollar generated from the one percent per year increase in tuition deposited in each institution's capital building fund. An institution may not use extraordinary repairs funding or tier III capital building fund moneys as matching funds under this section.

SECTION 21. TRANSFER - BANK OF NORTH DAKOTA PROFITS - TIER III CAPITAL BUILDING FUND POOL - MATCHING FUNDS. The industrial commission shall transfer to the North Dakota university system office a total of $5,000,000, or so much of the sum as may be necessary, from the current earnings and accumulated undivided profits of the Bank of North Dakota during the period beginning with the effective date of this Act, and ending June 30, 2021, as requested by the commissioner of higher education. The tier III capital building fund pool and estimated income line items in subdivision 1 of section 1 of this Act include $5,000,000 from the current earnings and accumulated undivided profits of the Bank of North Dakota. The

tier III capital building fund pool in subdivision 1 of section 1 of this Act also includes $4,000,000 from the general fund. Funding from the tier III capital building fund pool is to be allocated to each institution as follows:

	Tier III Capital Building Fund
Bismarck state college	$500,000
Lake Region state college	500,000
Williston state college	500,000
University of North Dakota	2,250,000
North Dakota state university	2,250,000
North Dakota state college of science	500,000
Dickinson state university	500,000
Mayville state university	500,000
Minot state university	500,000
Valley City state university	500,000
Dakota college at Bottineau	500,000
Total	$9,000,000

An institution shall provide two dollars of matching funds from operations or other sources for each one dollar from the tier III capital building fund pool. An institution may not use extraordinary repairs funding or tier II capital building fund moneys as matching funds under this section. Any funds transferred to an institution pursuant to this section from the tier III capital building fund pool must be placed in that institution's capital building fund line item.

SECTION 22. CAPITAL BUILDING FUNDS - USES - REPORTS. Subject to state board of higher education approval, each institution in subdivisions 2 through 12 of section 1 of this Act may use moneys from its capital building fund line item for extraordinary repairs and deferred maintenance projects which do not exceed $700,000 and do not increase the square footage of a building. In addition, Lake Region state college is authorized to use up to $3,000,000 from its capital building fund line item for the precision agriculture center project. The North Dakota university system shall report to the legislative management during the 2019-20 interim and to the appropriations committees of the sixty-seventh legislative assembly on the use of funding in each institutions' capital building fund line item, the source of matching funds, and each institutions' five-year plan for capital construction spending.

SECTION 23. TUITION RATE INCREASE LIMITATION - BUDGET SECTION APPROVAL.

1. Except as provided in this section, notwithstanding any other provision of law, the state board of higher education may not increase tuition rates for resident students attending institutions of higher education under its control during the 2019-20 academic year by more than three percent as compared to the tuition rate in effect during the 2019 spring semester unless the board receives prior budget section approval. Before approving or denying the request, the budget section shall consider the effect the tuition rate increase will have on current and prospective students, tuition rates at comparable institutions in neighboring states, and the institution's planned use of additional tuition revenue.
2. Except as provided in this section, notwithstanding any other provision of law, the state board of higher education may not increase tuition rates for resident students attending institutions of higher education under its control during the 2020-21 academic year by more than three percent as compared to the tuition rate in effect during the 2020 spring semester unless the board receives prior budget section approval. Before approving or denying the request, the budget section shall consider the effect the tuition rate increase will have on current and prospective students, tuition rates at comparable institutions in neighboring states, and the institution's planned use of additional tuition revenue.
3. This section does not apply to tuition rates charged for graduate level programs, including programs offered through the university of North Dakota school of medicine and health sciences, the university of North Dakota school of law, or the North Dakota state university school of pharmacy.
4. This section does not apply to tuition rates for nonresident students attending institutions of higher education under the control of the state board of higher education. For purposes of this section, the residency of students for tuition purposes must be determined under section 15-10-19.1.
5. This section does not apply to tuition rates determined under tuition reciprocity agreements entered into by the state board of higher education with other states or state education compacts.

6. For purposes of this section, an institution must calculate a resident tuition rate increase based on the tuition rate paid by an average full-time resident student. The state board of higher education may exclude adjustments to a tuition rate resulting from a change in an institution's method of charging tuition, including the consolidation of existing fees into tuition rates or charging tuition based on a per-credit rate, from tuition rate calculations under this section.

7. The state board of higher education may increase tuition rates for all students attending institutions of higher education under its control during the 2019-20 academic year by an additional one percent as compared to the tuition rate in effect during the 2019 spring semester if the institution has provided matching funds from operations or other sources for each one dollar generated from the one percent increase in tuition, which must be deposited in each institution's capital building fund.

8. The state board of higher education may increase tuition rates for all students attending institutions of higher education under its control during the 2020-21 academic year by an additional one percent as compared to the tuition rate in effect during the 2020 spring semester if the institution has provided matching funds from operations or other sources for each one dollar generated from the one percent increase in tuition, which must be deposited in each institution's capital building fund.

SECTION 24. EMERGENCY. Sections 14, 16, 18, 19, 20, 21, and 22 of this Act and the tier III capital building fund pool, capital assets, and capital building fund line items in section 1 of this Act are declared to be an emergency measure.

HB 1003 #1
3/19/19

Department 235 - North Dakota State University
House Bill No. 1003

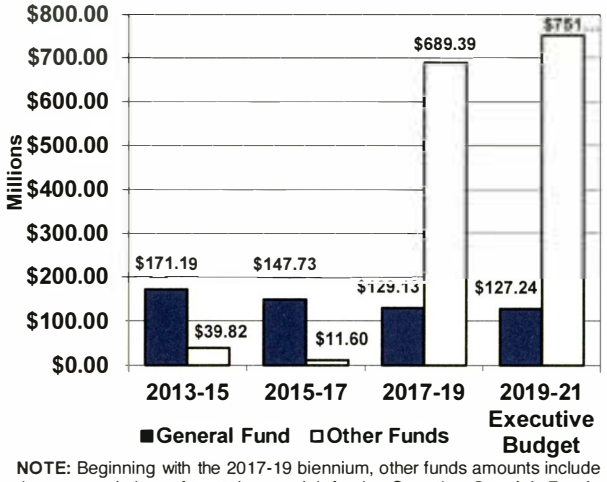
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	1,870.16	$127,242,425	$751,700,739	$878,943,164
2017-19 Legislative Appropriations	1,895.66	129,126,235	689,386,329	818,512,564
Increase (Decrease)	(25.50)	($1,883,810)	$62,314,410	$60,430,600

Ongoing and One-Time General Fund Appropriations

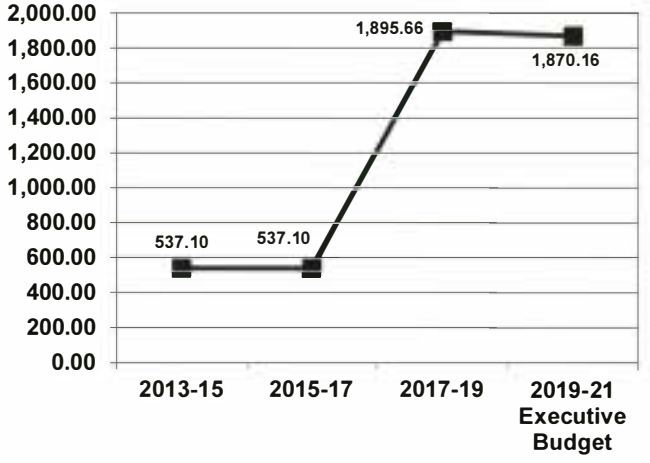
	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	$127,242,425	$0	$127,242,425
2017-19 Legislative Appropriations	128,591,042	535,193	129,126,235
Increase (Decrease)	($1,348,617)	($535,193)	($1,883,810)

Agency Funding



NOTE: Beginning with the 2017-19 biennium, other funds amounts include the appropriation of certain special funds. See the **Special Funds Appropriations** section below for additional information.

FTE Positions



NOTE: Beginning with the 2017-19 biennium, there was a change in reporting methods for University System FTE positions. See the **FTE Positions** section below for additional information.

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	$127,242,425	$751,700,739	$878,943,164
2019-21 Base Level	128,591,042	611,881,329	740,472,371
Increase (Decrease)	($1,348,617)	$139,819,410	$138,470,793

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Provides funding adjustments through the higher education funding formula as follows:			
• Reduces funding for institution operations	($6,393,735)	$0	($6,393,735)
• Adjusts funding to reflect changes in completed student credit-hours (This amount also reflects the restoration of funding for the Department of Nursing program in Bismarck)	(716,330)	0	(716,330)
• Adds funding for inflationary increases, including employee compensation and benefit adjustments	5,761,448	0	5,761,448
Total	($1,348,617)	$0	($1,348,617)
2. Adds **one-time funding** from other funds, including $25,675,000 from the strategic investment and improvements fund, for the Dunbar Hall project	$0	$51,350,000	$51,350,000
3. Adds **one-time funding** from other funds for the Barry Hall renovation, indoor practice facility, and softball indoor facility projects	$0	$42,200,000	$42,200,000

4. Adds **one-time funding** from special funds derived from revenue bond proceeds for the University Village Phase 2 project	$0	$37,600,000	$37,600,000

FTE Positions

The 2019-21 biennium executive budget recommendation includes authorization of all FTE positions for institutions and entities under the control of the State Board of Higher Education, including positions supported by special funds. Prior to the 2017-19 biennium, only FTE positions supported by the general fund were authorized.

Special Funds Appropriations

The 2019-21 biennium executive budget recommendation includes appropriation authority of all special funds received by the University System office and institutions. Prior to the 2017-19 biennium, special funds appropriations for the University System office and institutions were provided only for certain items, such as capital projects.

Other Bill Sections Recommended to be Added in the Executive Budget (As Detailed in the Attached Appendix)

Carryover authority - Section 9 would continue the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.

Additional funds appropriation authority - Section 10 would appropriate any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 11 would require capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

Transfer authority - Section 14 would provide that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital projects or extraordinary repairs.

FTE positions - Section 15 would authorize the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Bond issue authorization - Section 16 would authorize the State Board of Higher Education to arrange for $120,100,000 of revenue bonds for a new dining facility at Dakota College at Bottineau ($2,500,000), the Memorial Union project at the University of North Dakota ($80,000,000), and University Village Phase 2 at North Dakota State University ($37,600,000). Section 20 would provide that this section is an emergency measure.

Extraordinary repairs matching funds - Section 19 would require institutions to match state extraordinary repairs funding on a $2 to $1 basis using operations or other funding.

Additional Funds Appropriation Authority

Additional special funds received - Section 10 of the attached appendix would appropriate any additional federal, private, and other local funds received by entities under the control of the State Board of Higher Education, including tuition revenue, to the respective entities during the 2019-21 biennium.

Significant Audit Findings

The State Auditor's office reported North Dakota State University:

- Was not in compliance with procurement rules, including North Dakota Century Code and University System procedures; and
- Did not have adequate controls over conflicts of interest.

Major Related Legislation

House Bill No. 1013 - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions. The following is a comparison of distributions from permanent funds during the 2017-19 biennium and the 2019-21 executive budget recommendation:

Institution	2017-19 Distribution	2019-21 Distribution	Increase (Decrease)
North Dakota State University	$4,738,000	$5,916,000	$1,178,000
University of North Dakota	3,662,000	4,504,000	842,000
North Dakota State College of Science	1,446,286	1,736,000	289,714
Valley City State University	808,000	1,034,000	226,000
Mayville State University	542,000	668,000	126,000
Dakota College at Bottineau	186,286	242,000	55,714
Dickinson State University	186,286	242,000	55,714
Minot State University	186,286	242,000	55,714
Total	$11,755,144	$14,584,000	$2,828,856

Senate Bill No. 2116 - Allows institutions under the control of the State Board of Higher Education to access the infrastructure revolving loan fund for essential infrastructure projects.

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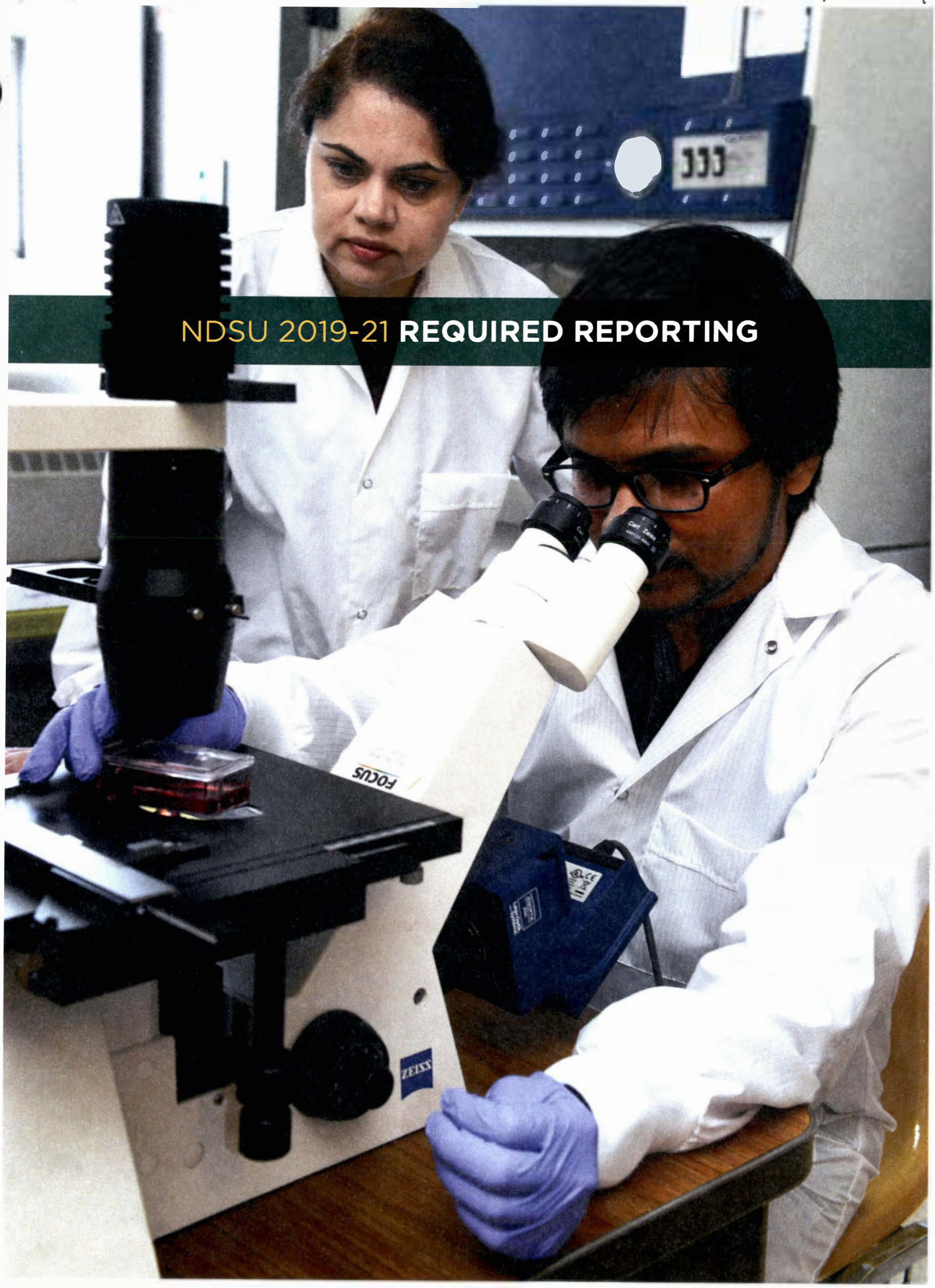

NDSU 2019-21 **REQUIRED REPORTING**

NORTH DAKOTA UNIVERSITY SYSTEM

ACCESS. INNOVATION. EXCELLENCE.

ND HIGHER EDUCATION CHALLENGE FUND QUARTERLY REPORT

NORTH DAKOTA UNIVERSITY SYSTEM
SFN 60859 (6-2015)

The purpose of the Quarterly Report is to inform members of the Higher Education Challenge Committee and other stakeholders, of the status, progress and use of the state funds appropriated from the Higher Education Challenge Fund. Specifically, the report is to provide an update on the amount of funds distributed, assurances that private sector funds pledged are collected as anticipated and provide an opportunity for institutions to report any modifications or accomplishments as a result of the funding.

Complete form for only those projects that have been approved by the Challenge Grant Review Committee. Form is due no later than 30 days after the quarter close

Date Submitted	Name of College or University	
01/31/2019	North Dakota State University	
Name of Contact	**Daytime Telephone Number**	**Email Address**
David Munro	(701) 231-1045	david.munro@ndus.edu

Quarter (check applicable quarter)

- ☐ Quarter 1, Activity between January 1-March 31
- ☐ Quarter 2, Activity between April 1-June 30
- ☐ Quarter 3, Activity between July 1-September 30
- ☑ Quarter 4, Activity between October 1-December 31

Project Details			Private Funds Collected			Expenditures/Uses		
Name of Project	Date Project Approved by Challenge Grant Review Committee	State Challenge Funds Award Amount	Total Project Cash/Pledge Approved	Amt. Rec'd in Current Quarter	Total Rec'd to Date	Total Distributed/ Expensed in Current Quarter	Total Distributed/ Expensed to Date	Summary Description of Expenditures
See attached								

Please provide any milestones, challenges or significant changes in campus fundraising or general operations due to the Challenge Fund. (Optional)

President's Signature	Date
	2-4-19

Please send to:

patty.schock@ndus.edu
Patty Schock
North Dakota University System
600 E Boulevard Ave, Dept 215
Bismarck, ND 58505-0230
701-328-4129

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ND HIGHER EDUCATION CHALLENGE FUND QUARTERLY REPORT

NORTH DAKOTA STATE UNIVERSITY

Project Details			Private Funds Collected			Expenditures/Uses		
Name of Project	Date Project Approved by Challenge Grant Review Committee	State Challenge Funds Award Amount	Total Project Cash/Pledge Approved	Amt. Rec'd in Current Quarter	Total Rec'd to Date	Total Distributed/ Expensed in Current Quarter	Total Distributed/ Expensed to Date	Summary Description of Expenditures
Food Production Laboratory Equipment & Technology Endowment Fund	3/5/2014	$ 25,000.00	37984.65 / 12015.35 / 0	$0.00	$50,240.15	$ 324.73	$ 21,417.86	Repairs
Performing Arts Endowment 2	5/9/2014	$ 122,725.61	153926.43 / 91524.8 / 0	$1,357.18	$240,593.79		$ -	
Performing Arts Endowment (Challey)	5/9/2014	$ 1,000,000.00	0 / 2000000 / 0	$295,000.00	$1,444,080.00		$ -	
Psychology Colloquium Series, Outside Speakers Fund	5/9/2014	$ 80,000.00	160000 / 0 / 0	$0.00	$160,000.00	$ 2,890.30	$ 15,577.58	Professional fees, travel for Colloqium
Gertrude Weigum Hinsz Lecture	5/9/2014	$ 25,000.00	50000 / 0 / 0	$0.00	$50,000.00		$ 4,093.97	
University Mentoring Award	5/9/2014	$ 25,000.00	50000 / 0 / 0	$0.00	$50,000.00		$ 5,994.00	
Hinsz Science & Mathematics Education Scholarships	5/9/2014	$ 30,000.00	60000 / 0 / 0	$0.00	$60,000.00	$ -	$ 8,400.00	
NDSU Center for Risk & Trading 2 – Barry Foundation (1 & 2 & 3 & 4) (report together on quarterly)	10/8/2014; 11/17/2014; 12/17/2014;	$ 2,730,185.50	665000/4789935.5/5435.50	$124,863.14	$4,376,636.56	$ 886.00	$ 58,511.00	Scholarships
Neil C. Gudmestad Endowed Chair of Potato Pathology (1 & 2 & 3 & 4)	10/8/2014; 11/17/2014;	$ 2,057,500.00	226000 / 3889000 / 0	$313,142.85	$3,628,714.30	$ 33,337.34	$ 146,473.85	Salaries and fringe benefits
Harlyn Thompson Travel Scholarship Fund	10/8/2014	$ 50,000.00	75000 / 25000 / 0	$0.00	$100,000.00		$ 12,495.00	
Susan Ferguson Andrews Endowment Fund	12/17/2014	$ 36,599.79	73199.58 / 0 / 0	$0.00	$73,199.58		$ 3,717.18	
Osher Reentry Scholarship Endowment	12/17/2014	$ 500,000.00	1000000 / 0 / 0	$0.00	$1,000,000.00	$ 1,037.00	$ 172,270.00	Scholarships
Rase Family Scholarship Fund	12/17/2014	$ 28,031.06	56062.11 / 0 / 0	$0.00	$56,062.11	$ -	$ 10,500.00	
Rachel K. Roen Memorial Scholarship Endowment Fund	12/17/2014	$ 41,000.00	82000 / 0 / 0	$0.00	$82,000.00	$ -	$ 14,338.00	
John L. Rust Mechanical Engineering Fund	12/17/2014	$ 40,000.00	10000 / 70000 / 0	$0.00	$50,000.00		$ 1,393.00	
Dr. Josephine Bartow Ruud Scholarship Endowment Fund	12/17/2014	$ 37,500.00	75000 / 0 / 0	$0.00	$75,000.00	$ -	$ 9,480.00	
Roger & Ruth Van Prooien Scholarship	12/17/2014	$ 111,166.39	222332.77 / 0 / 0	$0.00	$222,332.77	$ -	$ 37,719.00	
Dr. E.P. & Lucy E. Wenz Endowment Fund	12/17/2014	$ 50,000.00	100000 / 0 / 0	$0.00	$100,000.00	$ -	$ 16,865.00	
Lucy E. Wenz, RN, NDSU Class of '78 Scholarship Endowment Fund	12/17/2014	$ 25,000.00	50000 / 0 / 0	$0.00	$50,000.00	$ -	$ 7,414.00	
Jay and Andy Alsop Family Athletics Scholarship Endowment	12/17/2014	$ 25,000.00	0 / 50000 / 0	$7,142.85	$35,714.30		$ 2,006.00	
Larry & A.J. Dahlstrom Athletic Scholarship	12/17/2014	$ 25,000.00	10000 / 40000 / 0	$10,000.00	$40,000.00		$ 3,201.00	
Dr. Todd & Deborah DeBates Family Football Scholarship Endowment	12/17/2014	$ 25,000.00	1000 / 49000 / 0	$8,333.00	$33,333.00		$ 2,067.00	

NDSU
NORTH DAKOTA STATE UNIVERSITY

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ND HIGHER EDUCATION CHALLENGE FUND QUARTERLY REPORT

NORTH DAKOTA STATE UNIVERSITY

Project Details			Private Funds Collected			Expenditures/Uses		
Name of Project	Date Project Approved by Challenge Grant Review Committee	State Challenge Funds Award Amount	Total Project Cash/Pledge Approved	Amt. Rec'd in Current Quarter	Total Rec'd to Date	Total Distributed/ Expensed in Current Quarter	Total Distributed/ Expensed to Date	Summary Description of Expenditures
Hulstrand Family Scholarship Endowment	12/17/2014	$ 25,000.00	50000 / 0 / 0	$0.00	$50,000.00	$ -	$ 8,612.00	
Jim & Joyce Johnston Ag Scholarship Endowment	12/17/2014	$ 25,000.00	50000 / 0 / 0	$0.00	$50,000.00	$ -	$ 5,901.00	
Math Scholarship Endowment Fund	12/17/14; 5/25/2016	$ 50,000.00	58000 / 42000 / 0	$0.00	$100,000.00	$ -	$ 10,495.00	
Ross Keller Business Scholarship Endowment	12/17/2014	$ 25,000.00	7142.9 / 42857.1 / 0	$7,142.85	$35,714.30	$ -	$ 2,950.00	
Moore Engineering Civil Engineering Scholarship Endowment	12/17/2014	$ 50,000.00	0 / 100000 / 0	$0.00	$100,000.00	$ -	$ 24,862.00	
Don & Sue Morton Family Football Scholarship	12/17/2014	$ 25,000.00	7604.48 / 42395.52 / 0	$5,250.18	$37,031.33		$ 4,167.00	
James & Marlene Normark Trust Scholarship	12/17/2014	$ 30,000.00	60000 / 0 / 0	$0.00	$60,000.00	$ -	$ 8,601.00	
Rear Admiral & Mrs. Fred Paavola MPH Scholarship Endowment	12/17/2014	$ 25,000.00	20000 / 30000 / 0	$0.00	$50,000.00	$ 2,540.00	$ 5,902.00	Scholarships
Leo & Shirley Richard Family Football Scholarship Endowment	12/17/2014	$ 25,000.00	50 / 49950 / 0	$0.00	$50,000.00		$ 2,484.00	
Doosan/Bobcat STEM Scholarship Endowment	12/17/2014	$ 1,500,000.00	0 / 3000000 / 0	$400,000.00	$2,100,000.00	$ -	$ 191,000.00	
Ralph & Loanne Thrane Scholarship Endowment	12/17/2014	$ 25,000.00	50000 / 0 / 0	$0.00	$50,000.00	$ -	$ 2,500.00	
Michael Vipond Athletics Scholarship Endowment	12/17/2014	$ 25,000.00	14285.7 / 35714.3 / 0	$7,142.85	$42,857.15		$ 2,380.00	
Volk Family Civil Engineering Scholarship Endowment	12/17/2014	$ 25,000.00	0 / 50000 / 0	$0.00	$50,000.00	$ -	$ 7,645.00	
Cy Zweber Pharmacy Scholarship	12/17/2014	$ 25,000.00	0 / 50000 / 0	$0.00	$50,000.00	$ -	$ 7,964.00	
Bradley J. Burgum Scholarship	1/5/2015	$ 25,000.00	8000 / 42000 / 0	$0.00	$50,000.00	$ -	$ 11,774.00	
Ron & Sue Nichols Ag Scholarship	1/5/2015	$ 25,000.00	10000 / 40000 / 0	$0.00	$50,000.00	$ -	$ 2,808.00	
Ron & Sue Nichols HD&E Scholarship	1/5/2015	$ 25,000.00	10000 / 40000 / 0	$0.00	$50,000.00	$ -	$ 3,665.00	
Endowed Scholarship in American Indian Public Health (Helmsley)	1/5/2015	$ 375,000.00	0 / 750000 / 0	$0.00	$750,000.00	$ -	$ 72,207.00	
Ross Keller College of Business Endowment Fund	1/5/2015	$ 271.35	7142.9 / 42857.1 / 0	$7,142.85	$35,714.30		$ 1,000.00	
Edwin & Barbara Zimmerman Scholarship Endowment Fund	7/21/2015	$ 500,000.00	0 / 461707.83 / 538292.17	$0.00	$1,000,000.00	$ -	$ 100,000.00	
Fred & Linda Paavola Endowed Scholarship	7/21/2015	$ 25,000.00	0 / 50000 / 0	$0.00	$50,000.00	$ -	$ 3,272.00	
Wayne & Marion Tesmer Scholarship Endowment Fund	7/21/2015	$ 26,873.50	0 / 0 / 53747	$0.00	$53,747.00	$ -	$ 4,800.00	

NDSU BIENNIAL BUDGET REQUEST 2019-21

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ND HIGHER EDUCATION CHALLENGE FUND QUARTERLY REPORT

NORTH DAKOTA STATE UNIVERSITY

Project Details			Private Funds Collected			Expenditures/Uses		
Name of Project	Date Project Approved by Challenge Grant Review Committee	State Challenge Funds Award Amount	Total Project Cash/Pledge Approved	Amt. Rec'd in Current Quarter	Total Rec'd to Date	Total Distributed/ Expensed in Current Quarter	Total Distributed/ Expensed to Date	Summary Description of Expenditures
Dr. Vernon & Bernice Albertson Electrical Engineering Scholarship Endowment	9/23/2015	$ 26,322.50	52645 / 0 / 0	$0.00	$52,645.00	$ -	$ 6,150.00	
Kenneth Hoefs Scholarship Fund (report together on quarterly)	9/23/2015; 5/25/16	$ 351,514.07	703028.13 / 0 / 0	$0.00	$703,028.13	$ -	$ 91,239.00	
Howe Family Scholarship Endowment	9/23/2015	$ 25,000.00	0 / 50000 / 0	$0.00	$40,000.00	$ -	$ 1,500.00	
Ackerman-Estvold Scholarship Endowment Fund	11/18/2015	$ 37,500.00	15000 / 60000 / 0	$0.00	$60,000.00	$ -	$ 3,945.00	
Deborah J. Frederickson Scholarship Endowment	11/18/2015	$ 45,101.11	0 / 0 / 90202.21	$0.00	$90,202.21	$ -	$ 7,650.00	
Elnore A. & Ronald J. Grow Scholarship Endowment Fund	11/18/2015	$ 26,250.00	0 / 52500 / 0	$7,500.00	$42,500.00	$ -	$ 6,700.00	
Twila Hinsz Petersen Scholarship Endowment Fund	11/18/2015	$ 35,000.00	0 / 70000 / 0	$0.00	$70,000.00	$ -	$ 1,319.00	
Gail Hinsz Urbanec Nursing Scholarship Endowment Fund	11/18/2015	$ 30,000.00	0 / 60000 / 0	$0.00	$60,000.00	$ -	$ 5,261.00	
Eugene R. Hinsz Animal Husbandry Scholarship Endowment Fund	11/18/2015	$ 25,000.00	0 / 50000 / 0	$0.00	$50,000.00	$ -	$ 4,800.00	
Hulstrand Family #2 Scholarship Endowment	11/18/2015	$ 61,074.10	0 / 0 / 122148.2	$0.00	$122,148.20	$ -	$ 12,628.00	
Kenneth & Rachel Kellogg Family Scholarship Endowment Fund	11/18/2015	$ 26,997.19	0 / 0 / 53994.38	$0.00	$53,994.38	$ -	$ 6,000.00	
James A. Meier Scholarship Endowment Fund	11/18/2015	$ 25,000.00	0 / 25000 / 25000	$0.00	$50,000.00	$ -	$ 3,798.00	
Jim & Marlene Normark Endowed Scholarship	11/18/2015	$ 26,294.31	2588.61 / 50000 / 0	$0.00	$32,827.10	$ -	$ 2,717.00	
Joe Peltier Memorial Scholarship II Endowment Fund				$0.00	$0.00	$ -	$ -	
Vernon L. and Ruth Solien Scholarship Endowment	11/18/2015	$ 250,000.00	500000 / 0 / 0	$0.00	$500,000.00	$ -	$ 38,800.00	
Dean Virginia Clark Johnson Graduate Research Scholarship	11/18/2015; 5/25/2016	$ 32,747.50	36645 / 28850 / 0	$0.00	$64,395.00	$ 2,500.00	$ 2,500.00	Scholarships
ALA Scholarship & Endowed Chair Initiative (report together on quarterly)	3/30/2016; 05/25/2016	$ 195,245.00	16990/363500 /0	$31,318.00	$185,694.00	$ 3,063.00	$ 13,145.00	Scholarships
Bon Family Memorial Scholarship	3/30/2016	$ 200,000.00	150000 / 250000 / 0	$0.00	$250,000.00	$ -	$ 28,000.00	
ND Rexall Club Scholarship Endowment	3/30/2016	$ 79,074.81	2380 / 0 / 155769.61	$0.00	$158,149.61	$ -	$ 32,000.00	
NDSU Center for Risk & Trading - Endowed Chair	3/30/2016	$ 1,250,000.00	500000 / 2000000 / 0	$500,000.00	$2,000,000.00		$ -	
Ag. Econ Scholarship Fund	5/25/2016	$ 25,000.00	50000 / 0 / 0	$0.00	$50,000.00	$ -	$ 5,979.00	
College of Business Scholarship Endowment	5/25/2016	$ 25,000.00	50000 / 0 / 0	$0.00	$50,000.00	$ -	$ 12,000.00	

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ND HIGHER EDUCATION CHALLENGE FUND QUARTERLY REPORT

NORTH DAKOTA STATE UNIVERSITY

Project Details			Private Funds Collected			Expenditures/Uses		
Name of Project	Date Project Approved by Challenge Grant Review Committee	State Challenge Funds Award Amount	Total Project Cash/Pledge Approved	Amt. Rec'd in Current Quarter	Total Rec'd to Date	Total Distributed/ Expensed in Current Quarter	Total Distributed/ Expensed to Date	Summary Description of Expenditures
Division of Performing Arts Student Scholarship Support (report together on quarterly)	5/25/2016	$ 85,000.00	67143 / 102857 / 0	$7,143.00	$148,572.00	$ 241.00	$ 1,952.00	Scholarships
Doctor of Nursing Practice Scholarship	5/25/2016	$ 25,000.00	50000 / 0 / 0	$0.00	$50,000.00	$ -	$ 4,342.00	
Endowed Professorship in the College of Human Development & Education	5/25/2016	$ 250,000.00	500000 / 0 / 0	$0.00	$500,000.00		$ -	
NDSU Entrepreneurship Program & Endowed Chair	5/25/2016	$ 1,500,000.00	3000000 / 0 / 0	$0.00	$3,000,000.00	$ 3,704.82	$ 43,620.98	Salaries and fringe benefits
Pharm. D/MPH Scholarship Endowment	5/25/2016	$ 25,000.00	50000 / 0 / 0	$0.00	$50,000.00	$ -	$ 2,762.00	
STEM Scholarship Fund	5/25/2016	$ 1,236,665.50	0 / 2473331 / 0	$1,766,665.00	$2,473,331.00	$ -	$ 336,132.00	
Robert & Joan Breyer Family Pharmacy Scholarship Endowment	11/15/2017	$ 75,000.00	0 / 150000 / 0	$0.00	$60,000.00		$ -	
Swiontek Family Scholarship Endowment	11/15/2017	$ 25,000.00	1000 / 49000 / 0	$5,000.00	$16,000.00	$ 1,150.00	$ 1,150.00	Scholarships
Food Production Laboratory Complex	1/14/2014	$ 203,716.30	334819.52 / 72613.05 / 0	$0.00	$407,432.57		$ 611,148.87	
American Indian Public Health Resource Center	3/5/2014	$ 726,304.00	1452607 / 0 / 0	$0.00	$1,452,607.00	$ 1,259.00	$ 1,912,458.50	Supplies, postage, printing, professional development fees
Diversity Architecture Scholarship	11/15/2017	$ 25,000.00	0 / 0 / 111863.62	$0.00	$111,863.62		$ -	
		$ 16,946,659.59	$ -	$ 3,504,143.75	$ 29,798,360.46	$ 52,933.19	$ 4,238,619.79	

NDSU BIENNIAL BUDGET REQUEST 2019-21

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2017-19 SB2003 SECTION 3

2017-19 MAJOR CAPITAL PROJECTS
2017-19 LEGISLATIVE APPROPRIATION (SB 2003)

Campus	Project	General Fund	Revenue Bonding	Other Funds	Total Bonding and Other Funds	Expenditures Thru 12-31-2018	Estimated Unexpended balance at 6-30-19	Amount of balance at 6-30-19 Obligated	Project Completion Date
NDSU	New residence hall	-	39,505,000	-	39,505,000	28,578,598	1,926,402	-	6/30/19
NDSU	Accreditation Project-Sudro Hall Addition/Renovation	-	-	28,000,000	28,000,000	5,700,712	17,499,288	17,499,288	12/31/19
NDSU	University Village replacement - Phase I	-	10,000,000	-	10,000,000	9,291,213	208,787	-	6/30/19
	Campus Total (SB 2003)	**-**	**49,505,000**	**28,000,000**	**77,505,000**				

Campus	NDSU										
2015-17 Capital Carryover											
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Remaining Appropriation 6/30/17										
OMB LINE ITEM	General Fund	Federal Funds	Other Funds	Adj for Amounts Not Carrying Fwd	Brief explanation of Adjustments in Column 4	Total Carryover To 2017-19	Expenditures thru 11-30-2018	Total Final or Estimated Cost	Estimated Unexpended Balance of Carryover in column (6) at 6-30-2019	Project Completion or Estimated Completion Date	Explanation of How Funds were Spent
23551 - Capital Assets Carryover:											
Extraordinary Repairs/Deferred Maintenance	93,751.16		69,404.00		Project complete	163,155.16	163,154.98	163,154.98	-	6.30.18	Various projects including matching fund requirements: electrical, heat, chiller and software updates/improvements, steam tunnel study, classroom and bathroom updates
2015-17 Capital Projects (List below):											
STEM Classroom Lab - Legislative Authority	15,424,741.38			(15,393,587.67)	Project complete	31,153.71	-	29,367,709.00	31,153.71	TBD	Carryforward; Project construction complete during 2017-19 biennium, building is fully operational - Project finance completion pending contractor dispute
CIE 2nd Flr Finishes	16,481.34		32,962.68		Project complete	49,444.02	4,199.41	100,265.01	-	8.31.17	Lab and classroom finishes; remaining project carryover was applied to other projects.
CIE Fire Alarm Replace	7,218.93		14,437.86		Project complete	21,656.79	344.00	48,691.01	-	8.15.17	Fire alarm replacement; remaining project carryover was applied to other projects.
Dolve Renovation	163,266.97		326,533.94		Project complete	489,800.91	380,424.57	760,661.59	-	12.31.17	Lab/classroom work; remaining project carryover was applied to other projects.
FLC Storm Sewer Lift Station	63,182.85		126,365.70		Project complete	189,548.55	178,825.00	179,278.49	-	1.15.18	Lift Station; remaining project carryover was applied to other projects.
Elec Eng 2nd FL Hallway	11,493.48		22,986.96		Project complete	34,480.44	2,075.77	107,606.83	-	8.24.17	Hallway work; remaining project carryover was applied to other projects
Heating Plant Steam Header	8,226.94		16,453.88		Project complete	24,680.82	-	84,686.21	-	6.30.17	Heating plant steam header; remaining project carryover was applied to other projects.
Service Center Re-roof	21,420.00		42,840.00		Project complete	64,260.00	64,260.00	64,265.00	-	12.15.17	Roofing project
Dolve Remove Roof Drain	8,000.00		16,000.00		Project complete	24,000.00	24,000.00	24,000.00	-	9.30.17	Roof drain
Waldron Steam Vault Replace	37,300.00		74,600.00		Project complete	111,900.00	111,900.00	153,149.01	-	12.19.17	Steam vault
FLC Foundation Survey	4,835.00		9,670.00		Project complete	14,505.00	10,234.04	10,234.04	-	9.30.17	Survey; remaining project carryover was applied to other projects.
Deferred Maintenance-one time pool $3.5M	0.53				Appropriation $3.5M;	0.53	0.53	0.53	-	6.30.18	Amount applied to deferred maintenance project
Subtotal-Line 51 Carryover	15,859,918.58	-	752,255.02	(15,393,587.67)	GF carryover	1,218,585.93	939,418.30	31,063,701.70	31,153.71		
23552 - Capital Assets Off System:											
List specific projects:											
Ellig Sports Complex			364,500.00		Project complete	364,500.00	326,203.39	326,203.39	38,296.61	3.30.18	ADA Compliant grandstands, press box, reconfigured backstop, demo existing concession/restroom bldg; relocate irrigation pumps. Project complete; unexpended balance will not be carried over.
NQ Parking Lot			640,000.00		Project complete	640,000.00	490,000.00	490,000.00	150,000.00	6.30.18	New parking lot. Project complete; unexpended balance will not be carried over.
Johnson Hall-west bathroom			1,200,000.00		Project complete	1,200,000.00	829,310.18	829,310.18	370,689.82	10.15.18	Repair 2nd stack of bathrooms to consist of repairing/replacing several deferred mtce issues. Project complete; unexpended balance will not be carried over.
Stockbridge Elevator replace			350,000.00		Project complete	350,000.00	298,015.65	298,015.65	51,984.35	12.31.18	Elevator replacement - bring accessiblity of elevator up to code. Project estimated to come in under budget; unexpended balance will not be carriedover.
WDC Expansion			3,700,000.00		Construction in progress	3,700,000.00	1,373,764.90	3,700,000.00	-	5.30.19	Two bldgaddtions - will add additional seating; new elevator; revised main entry/checkout counter; necessary mechanical & electricfal systems added/upgraded
Softball Complex Reno Ph2			690,000.00		Project complete	690,000.00	572,401.52	572,401.52	117,598.48	11.30.18	New outfield fence, removing sod/installing turf; new bull pens, batting cages, various site improvements. Project complete; unexpended balance will not be carried over.
New Residence Hall (Katherine Cater Hall)			39,505,000.00		Construction in progress	39,505,000.00	27,777,451.60	37,578,598.00	1,926,402.00	6.30.19	Residence Hall. Project estimated to come in under budget; unexpended balance will not be carried over.

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Campus	NDSU										
2015-17 Capital Carryover											
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Remaining Appropriation 6/30/17										
OMB LINE ITEM	General Fund	Federal Funds	Other Funds	Adj for Amounts Not Carrying Fwd	Brief explanation of Adjustments in Column 4	Total Carryover To 2017-19	Expenditures thru 11-30-2018	Total Final or Estimated Cost	Estimated Unexpended Balance of Carryover in column (6) at 6-30-2019	Project Completion or Estimated Completion Date	Explanation of How Funds were Spent
Accreditation Project - Sudro Hall Addition/Renovation			28,000,000.00		Construction in progress	28,000,000.00	4,667,941.50	28,000,000.00	17,499,288.00	12.31.19	Additon to existing Sudro Hall. Unexpended balance will be carriedover.
University Village replacement-phase 1			10,000,000.00		Construction in progress	10,000,000.00	9,288,260.38	9,791,213.00	208,787.00	6.30.19	Demo of old complex & construction of new 82 unit apartmentbuilding. Project estimated to come in under budget; unexpended balance will not be carried over.
Subtotal-Line 52 Carryover			84,449,500.00			84,449,500.00	45,623,349.12	81,585,741.74	20,363,046.26		
23553 - Capital Assets Off System Carryover:											
List specific projects:											
CCAST: *$660,000 + $3,610,000 (SBHE Nov 2013; Budget Section Dec 2013)*		4,202,728.00		(3,298,409.30)	Project complete	904,318.70	134,393.15	3,500,074.45	769,925.55	6.30.18	Research 2 Server Room Electrical & Cooling Project complete; unexpended balance will not be carried over.
Sanford Health Athletic Complex (BSA):*increase $5,595,644 (SBHE Nov 2013/Budget Section Dec 2013) Total authorization $41,000,000*			17,568,271.82	(17,147,829.54)	Project complete	420,442.28	216,159.18	41,000,000.00	204,283.10	TBD	AthleticComplex; unexpended balance will carry
Churchill Hall Renovation			1,058,935.00		Project complete	1,058,935.00	985,284.62	10,926,350.78	73,650.38	4.30.18	Replacement of all finishes,piping, fixtures, HVAC, heating and electrical systems; ADA compliant elevator. Project complete; unexpended balance will not be carriedover.
Residence Dining Center Expansion			297,446.00		Project complete	297,446.00	59,056.90	2,861,611.23	238,389.10	11.30.17	Creatingspace on east side for addt'l 200 seats & meeting room; administrative offices and enclosed walkway. Project complete; unexpended balance will not be carried over.
Stevens Hall Renovation (RM 2004-206)			12,083.00		Project complete	12,083.00	12,083.00	81,827.23	-	11.13.17	Updates to FFE
Fargodome Football Locker Room			297,651.00		Project complete	297,651.00	258,164.82	423,460.51	39,486.18	4.30.18	Updates to locker room;new lockers. Project complete; unexpended balance will not be carried
Johnson Hall Re-Roof			171,225.00		Project complete	171,225.00	113,445.60	122,220.17	57,779.40	1.15.18	Roof Replacement. Project complete; unexpended balance will not be carriedover.
Burgum Hall A/C			227,733.00		Project complete	227,733.00	196,273.69	212,100.55	31,459.31	11.17.17	Chiller Replacement. Project complete; unexpended balance will not be carriedover.
Parking Lots			769,401.00		Project complete	769,401.00	344,976.11	775,574.86	424,424.89	10.31.17	Parking Lot Repair/Replacement - Lots BU, MO, T1/L, AE. Project complete; unexpended balance will not be carriedover.
Johnson Hall Bathroom			754,933.00		Project complete	754,933.00	439,056.60	784,123.19	315,876.40	1.31.18	Renovation of restroom - replacepiping, fixtures, ventingsystem. Project complete; unexpended balance will not be carriedover.
Reed Hall Elevator Upgrade			190,342.00		Project complete	190,342.00	173,654.69	262,313.15	16,687.31	9.15.17	Replace elevator with ADA Compliant elevator. Project complete; unexpended balance will not be carried over.
Residence Dining Center Phase II			480,370.00		Project complete	480,370.00	433,197.75	952,827.30	47,172.25	1.18.17	Remodelexisting diningaread & additionof made/cook to order stations. Project complete; unexpended balance will not be carried forward.
Residence Dining Center Phase III-FFE			1,150,000.00		Project complete	1,150,000.00	1,076,041.88	1,076,041.88	73,958.12	1.18.17	Vending/Food Equipment. Project complete; unexpended balance will not be carriedover.
Subtotal-Line 53 Carryover	-	4,202,728.00	22,978,390.82	(20,446,238.84)		6,734,879.98	4,441,787.99	62,978,525.30	2,293,091.99		
TOTAL Capital Carryover to 2017-19	15,859,918.58	4,202,728.00	108,180,145.84	(35,839,826.51)		92,402,965.91	51,004,555.41	175,627,968.74	22,687,291.96		

NDSU | NORTH DAKOTA STATE UNIVERSITY

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Report of 2017-19 Extraordinary Repairs Base Funding and Required Match
For the Period July 1, 2017 through December 31, 2018

Campus North Dakota State University

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
				Source of 2-for-1 Match			
Project Description [1/]	Amount from Base Extraordinary Repairs	Amount of 2-for-1 Match	Total Project Amount	Transfer from General Fund Operating Funds	Other Funds	Total Match (Must = Col 3)	Description of Other Funds (Column 6) [2/]
Softball Grandstand: Demolition of concession stand/restroom that is part of a larger Softball Grandstand Complex renovation project	$5,333	$10,667	$16,000	$10,667	$0	$10,667	
Walster Hall: Asbestos abatement, electrical & mechanical upgrades, update floor & wall finishes	$225,000	$450,000	$675,000	$450,000	$0	$450,000	
Quentin Burdick Building: Roof & partial A/C replacement	$578,333	$1,156,667	$1,735,000	$1,156,667	$0	$1,156,667	
Memorial Union: Roof replacement	$121,667	$243,333	$365,000	$243,333	$0	$243,333	
Campus Water/Sewer/Street replacement	$333,333	$666,667	$1,000,000	$666,667	$0	$666,667	
Campus Underground Steam Tunnel: Partial replacement	$1,033,333	$2,066,667	$3,100,000	$2,066,667	$0	$2,066,667	
Van Es: HVAC improvements	$233,333	$466,667	$700,000	$466,667	$0	$466,667	
BBF Bathroom Upgrades	$28,839	$58,552	$87,391	$58,552	$0	$58,552	
Electrical Engineering - Windows	$29,267	$58,533	$87,800	$58,533	$0	$58,533	
Campus Wide - connect fire alarms w/fiber	$66,660	$133,340	$200,000	$133,340	$0	$133,340	
Various Misc Repairs	$77,145	$153,396	$230,541	$153,396	$0	$153,396	
			$0			$0	
			$0			$0	
Totals 7/1/17 - 12/31/18	**$2,732,244**	**$5,464,488**	**$8,196,732**	**$5,464,488**	**$0**	**$5,464,488**	

[1/] In column 1, include description for individual projects or combined "like-projects" (example "Various roofing projects for (identify locations)")

[2/] In column 8, please be specific as to the source of other funds in column 6 (examples: tuition, private, federal, approp reserves, etc)

STATUS AS OF 12/31/18	GF Base	Required Match	Total
2017-19 Biennial Totals	$2,732,244	$5,464,488	$8,196,732
Used 7/1/17 - 12/31/18	($2,732,244)	($5,464,488)	($8,196,732)
Balance Available	($0)	$0	$0

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CURRENT STATUS OF 2015-17 NDSU OPERATIONAL AUDIT RECOMMENDATIONS – JANUARY 2019

Category	Finding Number	Audit Recommendation	Q32018 Update
Inadequate Journal Entry Approval for the Agricultural Experiment Station and Extension Service	17-1	We recommend that all journal entries are properly approved and that the approval is documented.	NDSU implemented PeopleSoft's journal entry workflow in early November 2018. This implementation should satisfy the audit requirement, as it requires and documents journal entry approval in PeopleSoft.
Noncompliance With Procurement Rules	17-2	We recommend that NDSU properly procure commodities and services in compliance with NDCC and NDUS requirements.	NDSU disagreed with the exceptions noted in the audit. NDSU proposed a revision to the NDUS Purchasing Manual in October 2018.
Inadequate Controls Over Disclosed Conflicts of Interest	17-3	We recommend NDSU develop and implement controls to ensure that no conflict of interest exists with any transaction with a disclosed conflict of interest.	In the first quarter of FY19, NDSU Purchasing implemented the extra step of sending lists of the conflicts back to the department heads and inactive supplier records with conflicts.

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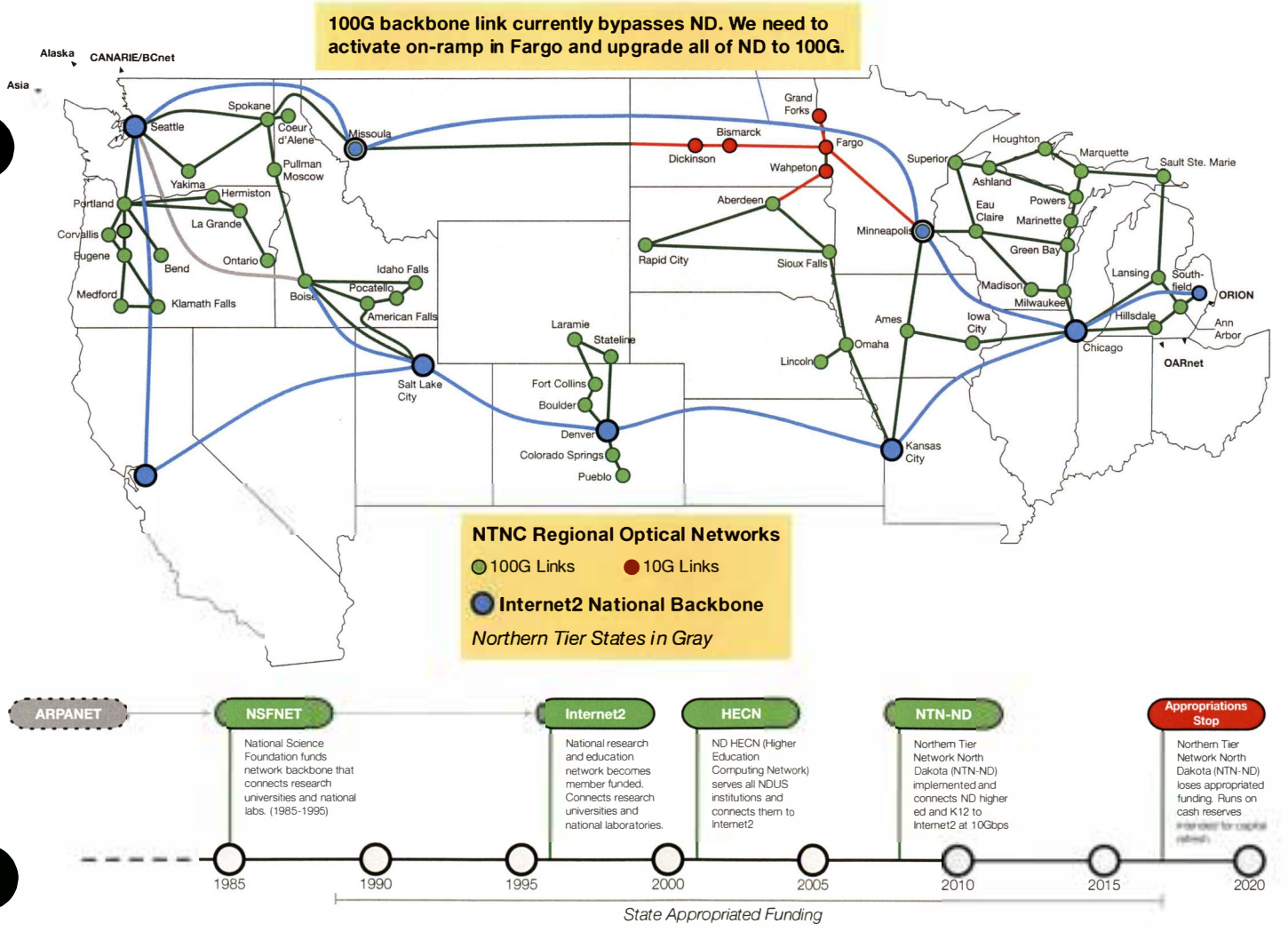
NORTH DAKOTA'S TECHNOLOGY INFRASTRUCTURE

IT infrastructure upgrades are necessary to catch up and compete.

- North Dakota is falling behind. Current IT infrastructure is inadequate to support growing research needs. (See map below showing ND infrastructure vs. the rest of the Northern Tier.)
- Northern Tier Network has been funded in each biennium through the North Dakota University System budget until 2017.
- Investment is necessary to support research and collaboration of North Dakota research universities among regional and national peers, including University of Minnesota and University of South Dakota, as well as national laboratories and cloud providers.
- As the two Internet2 members, NDSU and UND are committed to pay the fee that allows all North Dakota University System and K12 schools access to the collaboration infrastructure.
- The $5.7 million request:
  - funds infrastructure upgrades to catch up with peers
  - is evenly split between NDSU and UND
  - supports connecting users throughout the state with the best access to high performance computing



Information from the University of North Dakota and North Dakota State University

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HB 1003 Testimony
Chase Grindberg
NDSU Student Government

Chairman Holmberg, members of the Senate Appropriations Committee, for the record my name is Chase Grindberg and I have the pleasure to serve as the NDSU Student Body President and I am here today in support of HB 1003. There are numerous benefits to students we feel are included in the current version of this legislation, which include funding for the Challenge Fund, Open Education Resources, and pay increases for staff and faculty.

First with the Challenge Fund; we as students see first-hand the direct benefits of this program and how institutions are able to market this program to encourage donors to give at their highest capacity. The $1 of state monies for every $2 of private funds grant mechanism helps to further promote programs and scholarships that benefit numerous NDSU students. Not only has the Challenge Fund proven to be a great success for NDSU, but it has also had an enormous positive impact on our peer institutions across the state.

Secondly, funding for Open Education Resources, commonly referred to as OER's, is a top priority for the students of NDSU. OERs are easily accessible, published in the public domain, online textbooks that provide significant cost savings to students due to them not having to purchase a physical textbook made available through a private publisher. Funds appropriated by the state to OER development in the 2015-17 and 2017-19 biennium have yielded significant cost savings to students. Since the inception of the OER initiative in the state, students have saved between $1.1 – 2.4 million dollars of textbook savings through the implementation of OERs. During the previous legislative session, the OER funding was rolled into the line item "shared campus services." We advocate for the current level of OER funding to be maintained and OERs being implemented as a stand-along line item to allow for further implementation of this important initiative throughout the university system.

Finally, students stand in support of faculty and staff pay increases. Students at NDSU recognize that our state, and higher education, endured deep budget cuts during the previous biennium – however, students now see the increased workload for faculty and staff due to having fewer professors and staff members and the residual effects of these implications. The lack of pay increases over the previous biennium has not only weakened morale around campus, but has severely hindered NDSU's ability to compete with other research institutions for top faculty members which directly impacts NDSU's student body and the education they receive.

Allow me to conclude by saying, the NDSU Student Government, with these priorities included, supports the passage of HB1003. Through funding for the Challenge Fund, Open Educational Resources, and faculty and staff pay increases; we feel this bill makes strides towards the continued recruitment and retention of students for the State of North Dakota. I thank you again for your time today and would be happy to answer any questions you may have.

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North Dakota Veterinary Medical Association

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Bismarck, ND 58501
Phone: 701-221-7740 • **Fax:** 701-751-4451
E-mail: execdir@ndvma.com • **Website:** www.ndvma.com

Testimony of Dr. Charly Stansbery

In Support of HB 1003

March 18, 2019

Chairman Holmberg and Members of the Senate Appropriations Committee:

My name is Dr. Charly Stansbery, and I am a veterinarian at Red Barn Veterinary Services in Sheldon, N.D. I am also the president of the North Dakota Veterinary Medical Association (NDVMA), and it is on behalf of NDVMA that I am voicing support for HB 1003, specifically the professional student exchange program (PSEP).

NDVMA has spent more than a century representing the interests of veterinarians, their clients and patients. Today, the organization has more than 275 members representing small, large animal, exotic, bovine and equine practitioners, as well as those veterinarians working in research, academic and government capacities.

PSEP enables students to enroll in academic programs not available in North Dakota, specifically dentistry, optometry and veterinary medicine, and receive reduced tuition. It is critical in providing North Dakota students the ability to pursue a Doctor of Veterinary Medicine degree. We encourage your favorable consideration of the ND University System's request to provide $3.7 million in funding for the program to ensure the number of slots available for North Dakota students isn't reduced.

I recently attended the American Veterinary Medical Association's annual Economic Summit featuring expert economists, veterinary leaders in business and finance, and those on the front lines in education; both administrators, students and new graduates. The findings supported a positive economy for the nation even with suspicion of a future recession. This is positive for North Dakota as our state appears to match that pattern. However, the word of warning for veterinary employers was that the job market is changing. We are to anticipate the millennial position in the workforce is one that demands flexibility, better pay, better benefits, and a family-friendly atmosphere.

New veterinary graduates encounter higher and higher debt loads. Studies indicate these students are taking on debt responsibly by living within their means but are fighting high interest rates and rising costs of tuition with less state support. On average, new veterinary graduates experience a 2.3:1 debt-to-income ratio. This means it's more important than ever to reduce the amount of debt they have to take on.

As a rural state, through our FFA, our 4H, and our agrarian culture, we are raising our own future veterinarians, but they need our help. Most families are not able to afford $200,000-$275,000 to send a student to veterinary school. In addition, the federal government is also considering eliminating other student loan repayment options which would make everything even less feasible.

NDVMA has greatly appreciated your support of PSEP in the past and strongly encourages its continued funding.

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NDSU North Dakota Forest Service



Sustainable Forestry Programs

2019-2021 Biennial Budget Request

TOM CLAEYS, INTERIM STATE FORESTER
March 19, 2019

- Summary of Agency Services
- 2017-2019 Funding Reports
- 2019-2021 Funding Request
- Audit Findings
- Changes in Level of Federal Funding

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A Message from the Interim State Forester

The NDSU-North Dakota Forest Service is organized under the North Dakota Board of Higher Education. The agency is administered by a state forester who reports to the president of North Dakota State University at Fargo and supports the land grant mission in public service. The mission of the North Dakota Forest Service is to "**care for, protect and improve forest resources to enhance the quality of life for future generations.**"

This 2019-2021 Biennial Budget Request summary is intended to provide the information you need to determine funding levels for forestry programs benefiting communities, fire districts and private forest landowners. Please feel free to contact us at any time if you need additional information.

Tom Claeys, Interim State Forester

CONTACT

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Summary of Agency Services

A wide variety of customers depend on the North Dakota Forest Service for technical, financial and educational forestry assistance. The state forester administers forestry programs serving communities, rural landowners, soil conservation districts, rural fire districts, schools and citizens of North Dakota. All the programs utilize a voluntary, educational and incentives-based approach to address natural resource needs and customer demands.

The agency also operates a nursery at Towner specializing in the annual production of one million conifer (evergreen) tree seedlings. The Towner State Nursery is the sole supplier of evergreen seedlings in North Dakota. The agency also owns and manages approximately 13,290 acres of state forest lands.



Community Forestry means conservation activities in city parks, tree-lined streets or other green spaces within the community. Most of North Dakota's residents live in 372 cities and towns. The Community Forestry Program served 227 communities benefiting 90 percent of North Dakota's residents. The agency administered $463,459 in financial assistance programs for tree planting and forestry development projects, as well as technical assistance for tree planting plans, management plans, shade tree ordinances, pest surveys and tree workshops. The Arbor Day Foundation's Tree City USA program recognized 52 North Dakota communities for enhancing the extent and health of their community forests



Fire Management ensures the protection of lives, property and natural resources by training, organizing and equipping North Dakota's 378 rural volunteer fire departments. A Cooperative Fire Protection Assistance Program provided departments $408,051 in financial assistance for organizing, training, planning, purchasing or repairing equipment. A companion program, the Federal Excess Personal Property (FEPP) program, loans nearly $9 million in surplus federal equipment to departments for enhancing firefighting capabilities. The Forest Service provided wildland firefighter training to 335 or 89 percent of rural fire departments. Community protection is improved through grants for wildfire hazard mitigation and "FireWise" landscape projects. Fire prevention is stressed through the distribution of Smokey Bear materials. An average of 440 human caused wildfires burn over 30,000 acres each year. The agency supports a strike team of five Type 6 wildland engines.



Forest Health ensures the productivity and growth of North Dakota's private, community and state forests. The North Dakota Forest Service conducted surveys to assess forest health conditions within 135,214 acres of forests and trained public and private land managers on insect and disease management. North Dakota participates in the Great Plains Tree and Forest Invasives Initiative to identify contingency measures for minimizing the threat of invasive species, such as emerald ash borer. The pest has now been confirmed in Manitoba, Minnesota and South Dakota.



Forest Stewardship focuses on improving the management of our forest resources by educating and assisting rural private landowners on how to better manage, protect and utilize their native and planted forest resources. This is accomplished through the development of a Forest Stewardship Plan. The agency provided landowners $881,445 in financial assistance for forest improvement practices including ND Outdoor Heritage Windbreak Renovation Initiative funding to 259 landowners for renovating windbreaks.



Information and Education offers youth and adults the knowledge and skills they need to make wise decisions about the conservation and wise use of North Dakota's forest resources. The ND Forest Service, in conjunction with the NDSU Extension Forester, sponsored "Project Learning Tree" workshops and provided environment education to 1,807 teachers and youth leaders working with 22,590 students in grades K-12. The program also handles the daily requests for forestry information and the publication of educational materials.



Towner State Nursery produced 1,049,470 conifer (evergreen) seedlings in over thirty different species and stock types for distribution to landowners. The trees are used for farmstead, living snow fence, field windbreaks, wildlife, forestry and other conservation plantings. The nursery is a self-supporting operation, and since 1927 has sold over 84 million trees. The nursery also provides tree improvement services, such as testing, evaluation, selection and development of improved nursery stock for forestry and conservation plantings.



State Forests provide wildlife habitat, clean air and water, recreational opportunities, forest products, scenic beauty and other conservation benefits. The North Dakota Forest Service owns five state forests comprising approximately 13,290 acres. State Forests play an important role in the economic well-being of several rural communities by attracting hunters, hikers, campers, skiers, snowmobilers, tourists and other outdoor enthusiasts.

AGENCY PERFORMANCE MEASURES

The North Dakota Forest Service utilizes an accountability measures process to assess progress toward achieving long-range strategic goals and ultimately the agency's mission. Accountability measures are linked to the long-range strategic planning process to document North Dakota Forest Service program outcomes. The North Dakota Forest Service developed twelve (12) accountability measures using the State Forester's goals and statutory authority. The State Forester's goals are directly linked to the authority granted under North Dakota Century Code 4.1-21, 18-02, 18-14, and 57-57 to meet the forestry needs of the state. Performance indicators, units of measure and program accomplishment data are completed for each of the agency's 12 accountability measures beginning July 1 and ending June 30. A biennial accountability measures report is prepared by the agency. The State Forester's goals and accountability measures are as follows:

State Forester's Goals

- To positively impact forest-based economic growth and sustainability of communities by promoting the wise use of natural resources.
- To improve the protection of people, property and natural resources by enhancing interagency cooperation in wildfire management.
- To support informed decision-making and foster individual responsibility in stewards of all ages by raising public awareness about natural resource values.
- To meet the forest and conservation tree planting needs of private and public landowners by producing and marketing high quality nursery stock.
- To meet current societal demands by ensuring the health, productivity and growth of private, community and state forests.

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Accountability Measures

1. Twelve percent (12%) of biomass and wood utilization businesses were assisted in utilizing forest and municipal wood waste for renewable energy, which resulted in the installation of a biomass heating system demonstration in the Bismarck State College Aquatic and Wellness Center.
2. Awarded $1,344,904 forestry-based economic benefits for forestry practices serving 90 percent of the financial assistance needs of communities, fire districts and private forest landowners. Practices included tree planting, community forestry development, fire protection and forest restoration.
3. Enhanced community wildfire protection resulted in the preparation of 17 County Wildfire Protection Plans encompassing 32 percent of North Dakota's counties.
4. Enhanced rural fire department capacity through wildland firefighter training provided to 335 or 89 percent of rural fire departments.
5. Provided wildland fire awareness and prevention programs, including FireWise concepts, to 53 or 100 percent of North Dakota's counties.
6. Raised public awareness through information and education and fostered individual responsibility for conserving forest resources by delivering environmental education to 1,807 K-12 teachers (21%) and 22,590 K-12 students (21%).
7. Promoted professionalism in the tree care industry through training provided to 41 arborists (15%) certified according to International Society of Arboriculture standards.
8. Supplied conservation tree planting needs for 99 percent of Towner State Nursery customers through the sale of 1,049,470 nursery seedlings.
9. Sustained North Dakota's natural resources through active forest management and protection services for 86,348 acres or 15 percent of privately-owned forest lands.
10. Served 227 or 61 percent of North Dakota's communities benefiting 90 percent of the state's residents with sustainable community forestry programs, including the planting and care of street and park trees.
11. Ensured the health and sustainability of 135,214 acres of "at risk" forest resources through continuous surveys for damaging pests and agents.
12. Provided quality outdoor state forest experiences on 8,695 acres or 63 percent of the state forests under multiple-use management.



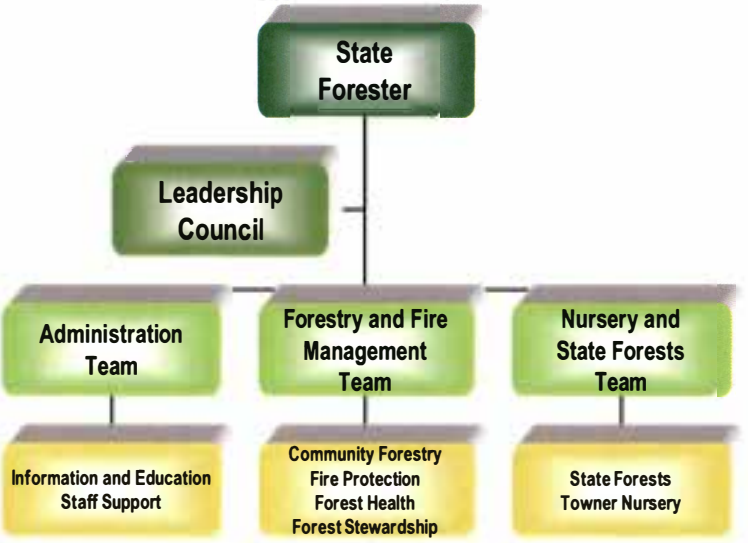
ORGANIZATIONAL STRUCTURE

The North Dakota Forest Service organizational structure focuses on increasing program efficiencies, strengthening customer service, promoting teamwork, and encouraging collaboration to address emerging natural resource issues.

The vision "***to ensure the relevancy and competitiveness of North Dakota to enhance public benefits from trees, forests and natural resources***" is guiding the agency's efforts.

The organization structure is composed of three leadership teams:

(a) Administration
(b) Forestry and Fire
(c) Nursery and State Forests



A Leadership Council advises the State Forester on the management of the agency.

The structure provides a unified team approach to ensure a coordinated focus toward the delivery of services and collaboration across organization boundaries. Teams composed of organizational unit representatives address issues brought to the Leadership Council. Teams deal with customer service improvements, communications, program efficiencies and joint partnership initiatives. Teams are responsible for focusing leadership and resources on landscape level natural resource issues. Teams are organized and monitored by the Council to ensure they fulfill the needs of the project and meet the goals of the agency.

FUNDING SOURCES

Appropriated funding for North Dakota's forestry programs is derived from two sources: the state general fund and income, including the sale of nursery products and contributions from the Trees for North Dakota Trust Fund. The 2017-2019 original appropriated budget for the Forest Service was $15,077,175 including $4,426,427 in general funds and $10,650,748 in special funds. Special funds include $1,900,000 in estimated income from tree seedling sales and the Trees for North Dakota Trust Fund. General fund authority was increased to $4,852,274 with $425,847 in carryover.

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2017-2019 BASE LEVEL BUDGET

	Operating	Capital Assets	Total	General Fund	Special Fund	Total Funds
2017-2019 Biennium Appropriation						
Operations	$ 14,958,447	$ -	$ 14,958,447	$ 4,307,699	$10,650,748	$ 14,958,447
Capital Assets		118,728		118,728		
Biennium Carryover	425,847		425,847	425,847		425,847
2017-2019 Biennium Appropriation	15,384,294	118,728	15,503,022	4,852,274	10,650,748	15,503,022

2016 ALLOTMENTS and 2017-2019 BUDGET REDUCTIONS

Senate Bill 2379 provided for the reduction of the 2015-2017 biennium general fund authority enacted by the 64th Legislative Assembly for agencies and institutions. The amounts included the 4.05% budget allotment ordered by the Governor in February 2016, and the 2.5 % budget allotment ordered by the Governor in August 2016. The Forest Service 2015-2017 original general fund appropriation was $5,007,844 and its general fund reduction was $328,014.

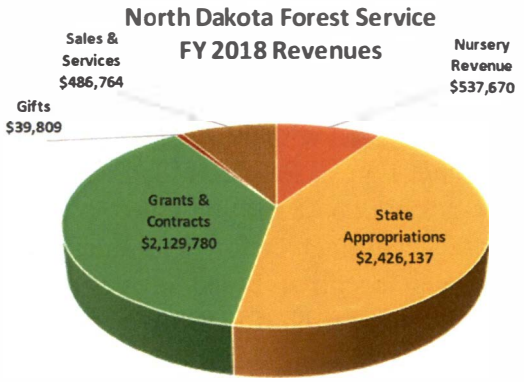
The Forest Service reduced its operations line item by $328,014. The State Forester utilized the unobligated 2015-2017 biennial balance in the Forest Restoration Program's operating budget and savings from the vacant fire technician position (1.0 FTE) and the community forestry specialist position (1.0 FTE) to meet the required $328,014 (6.55%) reduction. This includes $184,119 in unexpended Forest Restoration operating funds and $143,895 in savings from the vacant fire technician position and community forestry specialist position (2.0 FTE).

The budget reductions made by the 2017 Legislative Assembly totaled $581,417 or an 11.6 percent base budget reduction. This eliminated funding for salaries, fringes and operating expenses associated with providing financial, technical and educational assistance to communities, rural landowners, rural fire districts, schools and citizens. The reduction included salary and fringe for two foresters (natural physical science professionals) (2.0 FTE) and operating expenses for the travel, equipment under $5,000, and other expenses for forestry project sub-awards. The 11.6 percent base reduction impacted the agency's capacity to provide essential public services.

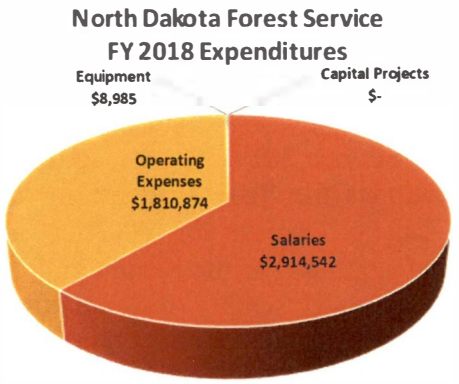
2018 REVENUES AND EXPENSES

NORTH DAKOTA FOREST SERVICE
FY 2018 REVENUES AND EXPENSES

Revenues			
Nursery Revenue	$	537,670	10%
State Appropriations	$	2,426,137	43%
Grants & Contracts	$	2,129,780	38%
Gifts	$	39,809	1%
Sales & Services	$	486,764	8%
Grand Total	$	5,620,160	



Expenses			
Salaries	$	2,914,542	61%
Operating Expenses	$	1,810,874	38%
Equipment	$	8,985	1%
Capital Projects	$	-	0%
Grand Total	$	4,734,401	



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2019-2021 NEEDS BASED FUNDING REQUEST

Operations

The Operations request supports salaries, fringes and operating expenses for 27.0 FTE and 45 seasonal positions that provide essential public forestry services. This investment combined with the collaborative efforts of the Forest Service's dedicated staff leverages over $7.8 million in external grants and contracts for voluntary, educational and incentives based forestry programs to address natural resource issues and customer needs identified in the North Dakota Forest Action Plan.

2019-2021 Operations Request	**$15,217,298**
Funding Source	
General Funds	$ 4,490,530
Special Funds	$10,726,768

Operations fund public forestry services provided by the North Dakota Forest Service through field offices at Bismarck, Bottineau, Carrington, Fargo, Lisbon, Towner and Walhalla. Expenditures include salaries, travel, motor pool, supplies, and telephone costs associated with servicing over 2,000 field forestry requests statewide each year from rural landowners, communities, schools and citizens.

Salary Increase – 4% per year	**$244,199**
Funding Source	
General Funds	$182,831
Special Funds	$ 61,368

The Forest Service 2019-2021 needs based budget includes the SBHE request for an average salary increase of 4% for all employees each year of the biennium. The 65th Legislative Assembly did not fund salary increases for the 2017-19 biennium. Due to this and the 2016 budget allotments, the Forest Service has not provided any salary increases in 2017-19. Forest Service staffing levels have been reduced by 2.0 FTE and the agency has redesigned, scaled back, and reprioritized operations to adjust to new, lower funding levels. Remaining employees are carrying significant additional workload to ensure quality public service is provided to customers. At the Forest Service, the average 4% annual increase will cost $244,199, of which $182,831 is from the general fund and $61,368 is from other funds.

The Forest Service needs based 2019-2021 budget request for Operations is $15,217,298. The general fund request for Operations is $4,490,530. Estimated income will be $10,726,768.

Capital Assets

The Forest Service is responsible for maintaining buildings and facilities at four locations. Field offices at Bottineau, Lisbon and Walhalla deliver forestry services, while the Towner State Nursery provides tree seedlings to the citizens of North Dakota. Recreational improvements are also located on the State Forests. Capital assets consist of 41 office, shop and storage buildings. The buildings are valued at $3,975,252. Building ages vary from 4 years to 83 years. In addition, the infrastructure associated with these facilities is valued at $3,487,289.

Extraordinary Repairs
The needs based budget includes funding for facilities and infrastructure repairs, equivalent to 15% of the OMB building and infrastructure formula. The 2019-21 needs based funding request for Extraordinary Repairs is $62,480, an amount equal to the 2017-2019 base level funding. One exterior repair project is identified (window and siding replacements) at the Lisbon field office.

Equipment Over $5,000
The 2019-21 needs based funding request for equipment over $5,000 is $56,248, an amount equal to the 2017-2019 base level funding. Equipment would include two replacement grounds mowers, shade cloth for tree seedling production beds, and greenhouse equipment at Towner State Nursery and State Forests.

Capital Project Request – None
The Forest Service is not requesting a capital project within the 2019-2021 budget.

2019-2021 Capital Assets	
Extraordinary Repairs Building exterior project - Lisbon field office	**$ 62,480**
Equipment over $5,000 State Forests and Towner State Nursery	**$ 56,248**
Capital Projects	**$ 0**
Total	**$118,728**

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2019-2021 Funding Request – HB 1003

Comparison of SBHE General Fund Budget Request And Executive Recommendation

	(1)	(2)		(3)
		ND Forest Service		
	SBHE 2019-21 GF Budget Request	Executive Recommendation	Engrossed HB1003	Engrossed HB1003 Over (Under) Budget Request
2017-19 Adjusted General Fund Appropriation	**$ 4,852,274**	**$ 4,852,274**	**$ 4,852,274**	**$ -**
4% Salary increase request	**182,831**		**-**	**(182,831)**
Base Adjustments (Carryover)	**(425,847)**	**(425,847)**	**(425,847)**	**-**
2017-19 Adjusted General Fund Appropriation, Net of Base Adjustments	**$ 4,609,258**	**$ 4,426,427**	**$ 4,426,427**	**$ (182,831)**
2019-21 Adjustments:				
				-
2019-21 Health insurance increases		135,720	120,476	120,476
2%/2% salary increase			94,921	94,921
4%/2% salary increase		131,823	-	-
General fund reduction		(221,321)	-	-
Total Adjustments	-	46,222	215,397	215,397
Total Base General Fund Request & Recommendation	**$ 4,609,258**	**$ 4,472,649**	**$ 4,641,824**	**$ 32,566**
2017-19 Base Special Funds	10,650,748	10,650,748	10,650,748	-
4%/4% increase	61,368	61,368	-	(61,368)
Total	10,712,116	10,712,116	10,650,748	(61,368)
2017-19 Original Special Fund Appropriation	**$ 10,712,116**	**$ 10,712,116**	**$ 10,650,748**	$ -
Base Payroll adjustments	14,652	14,652	14,652	-
4% Salary increase		(61,368)	-	-
Capital Projects	-	-		-
One time funding	-	-		-
Other changes in estimated income	-	-		-
Remove prior biennium capital asset carryover	-	-		-
Change in extraordinary repairs and special assessments	-	-		-
Net change om base funding equipment over 5000	-	-		-
2017-19 Adjusted Special Fund Appropriation	**$ 10,726,768**	**$ 10,665,400**	**$ 10,665,400**	$ (61,368)
Executive Recommendation Base Increases (Decreases):				
Capital Projects				
Health insurance increases		-		-
	-	-		-
Total Adjustments	-	-		-
2019-21 Total Base Special Fund Request and Executive Recommendation - Special Funds	**$ 10,726,768**	**$ 10,665,400**	**$ 10,665,400**	**$ (61,368)**
Total All Funds	15,336,026	15,138,049	15,307,224	(28,802)

2019-2021 Funding Request – HB 1003 *continued*

The 2019-2021 needs based funding request for the North Dakota Forest Service is $15,336,026 including $15,217,298 for Operations and $118,728 for Capital Assets. The General Fund request is $4,609,258. Other funds are $10,726,768.

The 2019-2021 operations budget includes salaries and wages and operating expenses for 27.00 FTE and 45 seasonal positions that provide public forestry services.

- Operations $15,217,298

The 2019-2021 capital assets budget provides necessary repairs for 41 office, shop, storage and recreational buildings at Bottineau, Lisbon, Towner and Walhalla. The budget includes extraordinary repairs and equipment over $5,000.

- Capital Assets $118,728

Total Forest Service Request (General funds & other funds) $15,336,026

Financial Audit Findings

Financial Audit findings included in the most recent audit - There were no audit findings specific to NDSU-NDFS within the North Dakota State University Audit Report for the biennium ending June 30, 2017, as prepared by the Office of the State Auditor.

Federal Funding

Known or potential changes in level of Federal funding - None.

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NDSU does not discriminate in its programs and activities on the basis of age, color, gender expression/identity, genetic information, marital status, national origin, participation in lawful off-campus activity, physical or mental disability, pregnancy, public assistance status, race, religion, sex, sexual orientation, spousal relationship to current employee, or veteran status, as applicable. Direct inquiries to: Vice Provost, Title IX/ADA Coordinator, Old Main 201, NDSU Main Campus, Fargo, ND, 58108, 701-231-7708, ndsu.eoaa@ndsu.edu.

This publication is available in alternative formats by calling (701) 228-5422.

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Chairman Holmberg and members of the Senate Appropriations Committee, for the record, my name is Tom Claeys, Interim State Forester and 27 year staff member of the NDSU-North Dakota Forest Service.

On November 20, 2018, we celebrated the career of the 10th North Dakota State Forester. Larry Kotchman retired after 43 years with NDFS and 32 years as State Forester.
Nationwide - He was the second longest serving state forester in history.

About the Agency and Thank you for your past support
Larry left the organization in extremely good condition, he also left us with some guidance for moments like these…. Be brief. And I promise to do that. Thank the legislature for their support. And I will do that too.

As a result of your continued financial support to the agency – we currently have excellent facilities and outstanding staff. Thank you. In turn the agency provides exceptional service to our customers, and to your constituents.

Affiliation with NDSU
Forestry agencies are organized and aligned in many different ways across the US.

- WV Division of Forestry is linked to the Department of Commerce,
- MN and many other forestry agencies are part of a larger DNR,
- South Dakota's forestry department is embedded within their Ag Dept and in
- Idaho, forestry is provided oversight by the State Lands Department.
- In the Great Plains ND, NE, KS, TX and even CO are aligned with the land grant universities.

The NDFS is organized under the ND Board of Higher Education and the agency values our administrative alignment with North Dakota State University. The agency supports NDSU's mission in public service and we appreciate the guidance, service and support that NDSU provides to the NDFS.

Our successes have not been without some **challenges**

- We have seen monumental changes in staffing the last decade. In 2008, we took a staff photo and there were 30 employees in the picture.
- In our most recent photo from June 2018, our full-time staff were down to 25 and only 8 original staff from the 2008 photo remain today.
- There have been 5 retirements in the last three years. That loss of knowledge, history and expertise is felt nearly every day.
- The good news is that our streamlined staff are dedicated, professional and creative.
- They work well together and with others and they take their jobs as public servants seriously.
- Our leadership continues to create an environment where staff can be successful by
  - Investing in employee training and professional development,
  - Improving facilities, and
  - increasing efficiencies through technology
- We have been successful in recent new hires - even in small rural communities. (Lis, Wal)
- We also enjoy and are very proud of the facilities we rent, own and manage.
- As we become more efficient and effective, services to our customers expand and improve.

Forest Resources

ND is one of the least forested states with @850,000 acres of native forest land. When we add in the thousands of acres in community forests and conservation tree plantings like farmstead and field windbreaks and wildlife plantings, there are 2 million acres in trees across ND.

- Our trees are important to us. In their scarcity North Dakotans see value.

We also know *that most* North Dakotans love trees. The agency annually partners with NDSU to promote a Bison football game known as the Trees Bowl. **It is the only event like it in the nation.**

- Since 1990 (28), this event has enabled NDSU and the NDFS to recognize individuals, organizations and agencies who contribute to forestry activities in outstanding ways.
- We have recognized 452 Trees Awards winners and highlighted their amazing efforts.
- Over 375,000 fans have attended the games. NDSU Bison have been victorious in 25 of the games with only 3 losses. I am pleased to say that the Bison have not lost a Trees bowl since President Bresciani became the 14th President of NDSU!
- 78,200 tree seedlings have been handed out at the 28 games and we always hear stories about these and other trees!

Summary of Agency Programs

Talk briefly about our programs –and roll in accountability measure from page 5

- In 1993 the agency transitioned from a district format to a team approach.
- The structure has worked extremely well for the agency and, more importantly, for those we serve.

Community Forestry –

Three staff deliver assistance to communities statewide. In ND there are:

- 52 TCUSA communities (USDA FS, NASF and Arbor Day Foundation)
  Fargo, ND's largest community, is a TCUSA and Sibley, population 22, is the nation's smallest TCUSA.
  ND is also home to two communities that have maintained TCUSA status since the program began in 1976 – Grand Forks and Mandan, join just 16 communities nationally that can boast of this accomplishment.
- 2 Tree Campus USAs
  - NDSU first in ND
  - United Tribes Technical College one of the very first tribal colleges in the nation
- 1 Tree Line USA (MDU Resources)

Community Forestry staff have served 227 communities in the last two years.

The staff administered $463,459 in grant funds to enhance the beauty of communities and diversify community forests in preparation for emerald ash borer or EAB.

We provide assistance to the large communities like Fargo and Bismarck, but concentrate technical assistance on small communities that don't have forestry staff…. like Abercrombie, Buffalo, Wyndmere and Wishek.

- Staff conducted community inventories in 93 small communities since 2012
- Street trees and some community's parks
- Through a partnership with the ND Urban & Community Forestry Association (NDUCFA) community's inventory information is available online via the ND TIP Tool (Tree Inventory Planning Tool) to help communities plan for the future.
  - The average street tree population in those 93 communities consists of 48% ash

Forest Health

By far the greatest threat to community, planted and native forests is EAB.

- ND has 78 million ash trees that are susceptible to damage by this pest.
- ND has been preparing for the eventual arrival of EAB since 2002, when it was discovered near Detroit Michigan,
- Currently EAB is found in 35 states 5 Canadian provinces.
- It is as close as Winnipeg, Sioux Falls, and Minneapolis.
- Staff are engaged in trapping and early detection efforts with partners including NDSU EXT, APHIS, NDDA.
- The NDFS and partners have focused on training 300 first detectors in an effort to find the pest as quickly as possible once it arrives.

Fire There are, on average, 440 fires and 30,000 acres burned annually in ND. Over 90% of our fires are human caused. The responsibility for initial attack wildland fire suppression across the state lies with Rural Fire Departments… and they do an outstanding job.

- Many of the firefighters are volunteers and it is our goal to help train and equip departments so that they fight fire safely and go home to their communities and families without injury.
- Our staff of 4 full time employees and 15 seasonal firefighters provide wildland fire training at ND Fire School (ND Fire Fighters Association) and individualized training throughout the year.
- Our Cooperative Fire Protection Assistance Program provided departments with $408,051 in financial assistance for purchasing or repairing PPE and other equipment.
- Available funding cannot keep pace with demand. During the most recent grant sign up, $221,000 was made available to departments, unfortunately there were $608,000 in requests.
- A Federal Excess Personal Property program (USDA FS, DOD and State Foresters) loans over 9 million in firefighting equipment to departments.

The NDFS is actively engaged in fire suppression in state and across the nation.

- When RFDs need help, they call neighboring RFDs through mutual aid agreements.
- When local capacity is exceeded, they need to be able to secure additional resources.

The NDFS fulfills those needs in a number of ways.

ND is part of the interstate fire compact system. This is an incredibly quick, easy process to move firefighting resources from state to state. Other states used the compacts to access NDFS resources, system works extremely well. Via email, it literally takes moments to secure and then begin mobilizing resources.

The 2004 Deep Creek Fire changed the way many landowners in western ND think about fire and forest health.

- Since 2005 our staff have been conducting hazardous fuels reduction treatments including thinning, pruning, piling and burning on private land in the ponderosa pine stands in Slope County.
- These efforts reduce dangerous fuel loading, thin overcrowded forests in poor condition while creating healthy, firewise forests in the absence of periodic fire.
- Over 750 acres of ponderosa pine forest have been treated.
- In 2017, the agency signed a Good Neighbor Agreement with the USDA FS Dakota Prairie National Grasslands and began treatment on the first of 5 units in 2018.

Forest Stewardship –
Our four Forest Stewardship staff utilize the Trees for ND Trust fund to facilitate a number of mitigation tree planting partnerships statewide.

- The Public Service Commission mandates that Utilities replace trees destroyed during construction projects on a 2:1 basis.
- The agency facilitates many of these efforts with Utilities and since 2010 has provided $1.4 million in tree planting incentives for conservation tree plantings across the state.

Loss of windbreaks is a concern across the Great Plains.

- We recognize that due to modern farming practices and the deteriorating condition of some windbreaks, many landowners choose to remove windbreaks from farms and ranches.
- For those that are interested in maintaining windbreaks as part of a sustainable agriculture system, the NDFS offers financial incentives to remove and then replace windbreaks through a $1.8 million Outdoor Heritage Fund Windbreak Renovation Initiative cost-share program.
- Since 2015 staff have provided financial assistance to 259 landowners for renovating windbreaks.

Towner State Nursery –
The Towner State Nursery is the only conifer (evergreen) seedling nursery in North Dakota. (NDASCD owns and operates Lincoln-Oakes Nurseries).
We are extremely proud of this 160 acre facility

- It has been operating since 1951, annually producing one million conservation trees. The trees are produced to meet the needs of North Dakota citizens, and are used primarily in windbreaks, living snow fences, wildlife block plantings, and other conservation plantings.
- The nursery grows both field-grown bare-root and greenhouse-grown container trees.
- Due to an aging and limited workforce, the nursery implemented a mechanization plan that reduces the number of seasonal staff that are needed to grow, lift, package and sell trees annually.
- We pride ourselves in excellent quality tree seedlings and these trees are sought after by ND customers including SCDs which are our biggest customer base.
- They are also highly prized by out-of-state customers who recognize that our seedlings are of superior quality and grown from adaptable seed sources.

Tree sales remain strong with a three year average of 850,304

Cannot begin to describe what a magnificent facility that this is. It has been compared to other conservation nurseries nationally and is one of the very best. USDA FS Western Nursery Specialist – Diane Haase.

I would invite you to visit **your** nursery any chance you get. It truly is an amazing place.

Needs based budget

The agency's needs-based request is straightforward and begins on page 9.

- It includes $244,199 for a 4% average merit-based salary increase for each year.
  - We are requesting $182,831 in state general funds and $61,368 from special funds to cover the costs of salary increases.

The needs based budget includes a request for $118,728 in general funds for Capital Assets. *(Capital assets – page 10)*

This is the same amount that was appropriated within the 2017-2019 budget and the same amount that is outlined in Engrossed SB 1003.

- 15% of the OMB building and infrastructure formula equates to $62,480 for Extraordinary repairs for an exterior project at the Lisbon Field Office
  - The building was purchased in 1993 from the NDG&F and an addition built at that time to house NDFS and NDG&F staff that were utilizing the office.
  - The 65th Legislative Assembly provided funding to update the interior and this remarkable transformation is currently taking place. Thank you for the support!
  - The exterior project will finish all of the repair needs for the Lisbon Field Office.

- $56,248 for Equipment over $5,000 is requested for the State Forests and Towner State Nursery.
  - This includes two replacement grounds mowers (Towner Nursery and State Forests),
  - shade cloth for seedling production beds, and
  - automated greenhouse equipment for watering and fertilizing seedlings.

The agency has no capital projects requested.

Chairman Holmberg and Members of the Senate Appropriations Committee, we thank you for your past support and the opportunity to highlight our programs, and we respectfully request your consideration of the NDFS Needs-Based Budget.

MINOT STATE UNIVERSITY

66th Legislative Assembly

Senate Appropriations Hearing

March 20, 2019

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HIGHLIGHTS DURING THE PAST BIENNIUM:

- MiSU received its largest donation in history: a $4.6 million gift announced in 2018 from the Janis Dislevy estate to support MiSU's College of Business.
- MiSU's Teacher Education program hosted its 10-year accreditation visit in Fall 2018; it was an extremely positive visit, and a final report will be received this spring.
- In Fall 2018 MiSU welcomed its largest freshmen class in seven years since the 2011 flood.
- With $400,000 in grant applications, MiSU secured its entire Higher Education Challenge grant funding, and had over $4,000,000 that also would have qualified had additional funds been available.
- The MiSU Development Foundation has set three consecutive fundraising records, with 2018, 2017, and 2016 being the largest fundraising years in MiSU history. The overwhelming majority of these dollars are supporting student scholarships and academic programs.
- In 2018, MiSU had its highest student graduation rates in at least 20 years.
- In 2018, the MiSU Baseball Team won the Northern Sun Intercollegiate Conference (NSIC) title, the first for any Men's sport at MiSU since moving to NCAA Division II in 2011.
- In 2018, MiSU opened the new Northwest Arts Center on campus, a $1.4 million gallery funded entirely through private gifts.
- New academic programs have been added during the past biennium in Entrepreneurship, Medicinal Plant Chemistry, and Early Childhood Education.
- MiSU unveiled a new branding strategy in Fall 2018 including a new logo for the campus. The former block "M" logo has been replaced with the words Minot State University.

PARTNERSHIPS/EFFICIENCIES:

- MiSU's affiliation with Dakota College at Bottineau (DCB) is the only main campus — affiliate campus relationship in the Dakotas. DCB offers classes on the MiSU campus, and MiSU also provides support for business services, fiscal management, marketing/printing, IT, Title IX, institutional research, and fundraising expertise for DCB. The DCB Campus Dean reports to the MiSU president and the DCB CFO is an employee of MiSU, ensuring further alignment between campuses
- MiSU partners with Trinity Health on educating and expanding the Nursing workforce in Minot. Thanks to Trinity's investment and this partnership, MiSU now graduates 50% more nursing students compared to 5 years ago.
- MiSU's Bachelor of Social Work program at NDSU has increased enrollment by 181% since 2012.
- MiSU offers bachelor's degrees at the Minot Air Force Base in Criminal Justice, General Studies, and Management. Additionally, general education courses offered on Base enable Air Force members to earn their Community College of the Air Force (CCAF) degree.

- The North Dakota Center for Persons with Disabilities is a University Center of Excellence on developmental disabilities, education, research and services. It is housed at MiSU and the only such center in North Dakota. NDCPD works with the ND Department of Human Services and other state/federal agencies to provide various outreach initiatives.

- MiSU's Criminal Justice Department and Lake Region State College partner to offer the Peace Officer Standards and Training Program (POST) in Minot to area law enforcement professionals. Also, Criminal Justice majors can achieve POST certification as part of their undergraduate degree.

A FEW OTHER FACTS ABOUT MINOT STATE UNIVERSITY:

- Nine specifically accredited academic programs: Teacher Education, Music, Addiction Studies, Speech-Language-Hearing, Social Work, Business, Nursing, Athletic Training, and School Psychology.

- MiSU enrolls 175 students at the Minot Air Force Base and enjoys a successful 50+ year history with the Base. Approximately 570 MiSU students receive Department of Defense Tuition Assistance; equal to the other 10 NDUS campuses combined.

- MiSU offers Master's degrees in nine academic areas (8.6% of MiSU's total enrollment is at the Graduate level).

- MiSU's student enrollment includes the 2nd highest proportion of North Dakota residents among the six 4-year NDUS universities.

- Emergency generators for the MiSU Dome ($1.13M) and for the MiSU Student Center ($690K) were ranked as the #5 and #6 highest priority capital projects, respectively, by the SBHE in its 2019-21 ranking.

BUDGET REDUCTION IMPACTS:

- MiSU eliminated approximately 60 FTE positions during the past biennium. These were achieved through a combination of early retirements, vacant positions held open, and reductions-in-force.

- MiSU also reduced its total number of course offerings and reduced adjunct/overload compensation schedules.

- Across-the-board operating budget reductions have been made impacting all departments across campus.

- MiSU restructured its administrative team by eliminating the three College Dean positions.

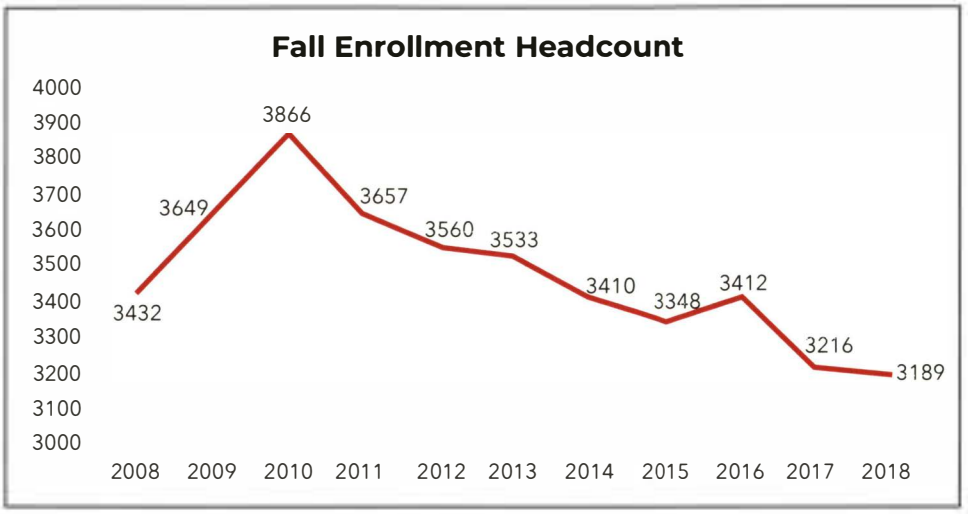
- To date, no academic, athletic, or significant student service programs have been eliminated at MiSU due to budget reductions. Further reductions to the 2019-21 biennium will likely necessitate the elimination of academic, athletic, and/or student service programs, thus reducing opportunities for students at MiSU. Therefore, MiSU strongly supports the needs-based budget of the SBHE.

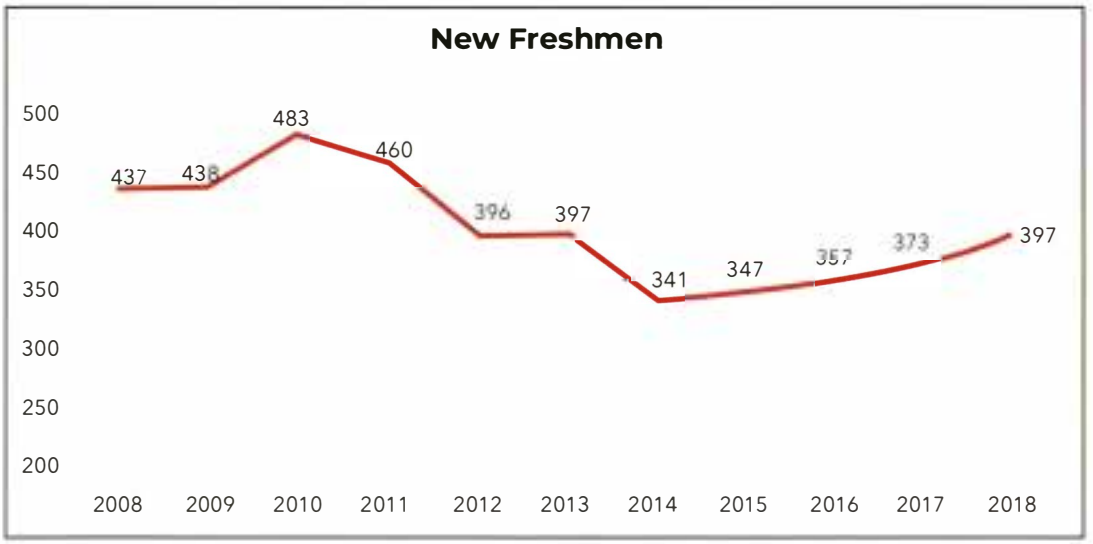
FINANCIAL AUDIT FINDINGS:

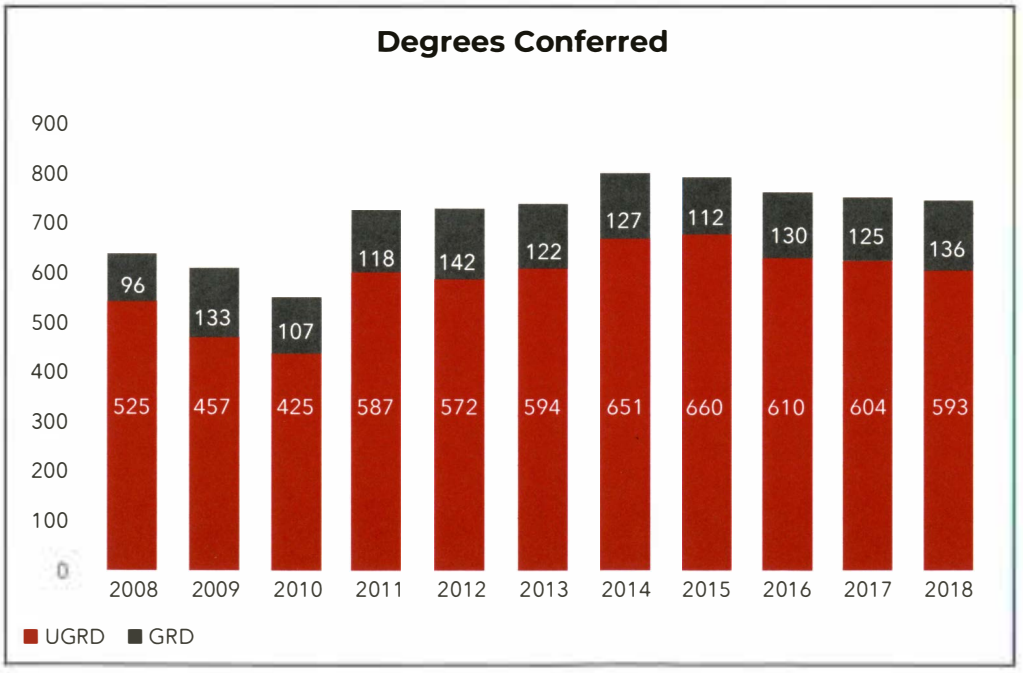
- In the FY18 Audit, MiSU had one informal audit finding. The finding concerned inconsistencies on how termination benefits were being reported on the note disclosure template in accordance with GASB 47. In its management response, Minot State University agreed with the finding and will ensure that the benefits are reported in accordance with GASB 47 in future reporting.

MINOT STATE UNIVERSITY

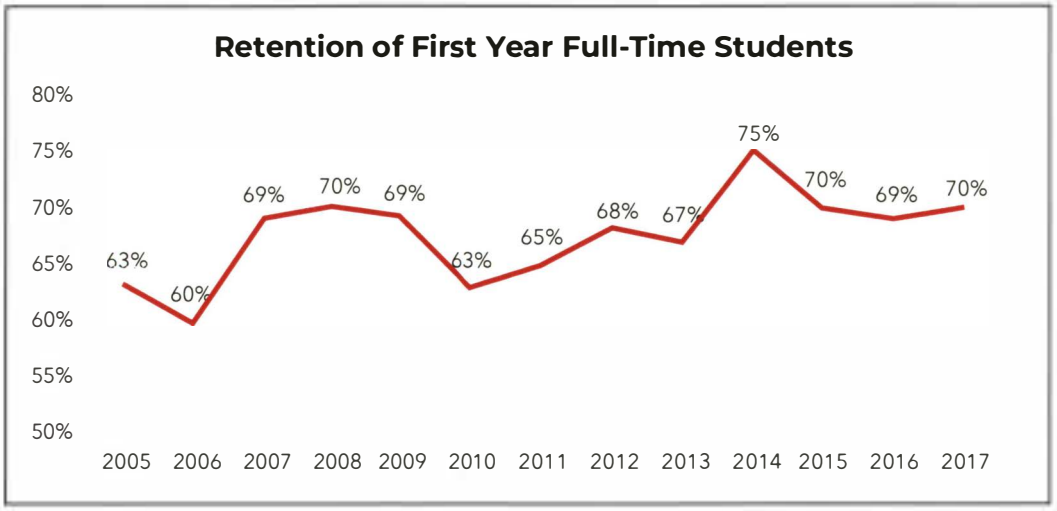
Minot State University – Historical Student Data







Minot State University – Historical Student Data



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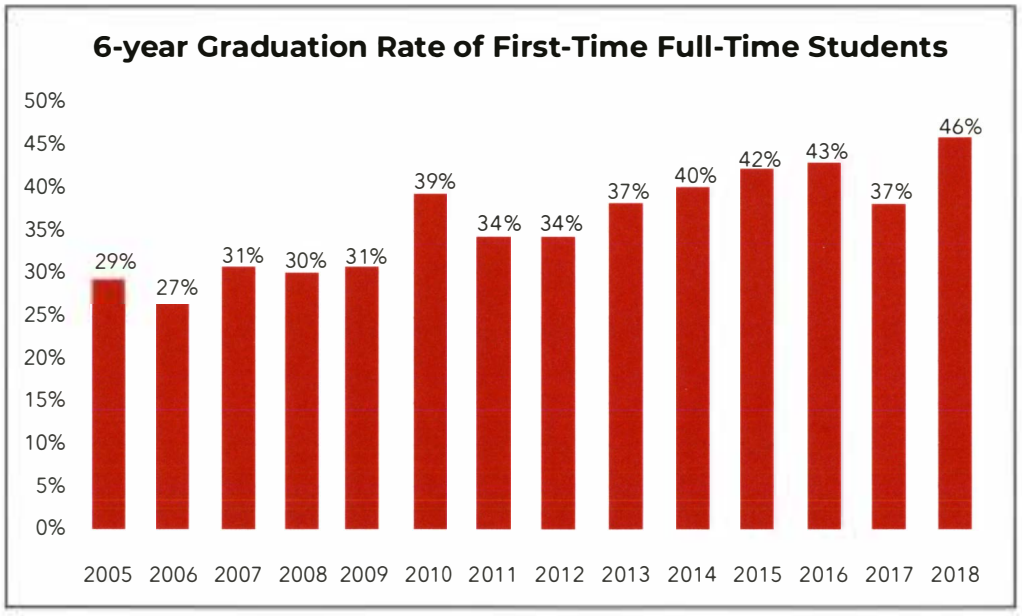

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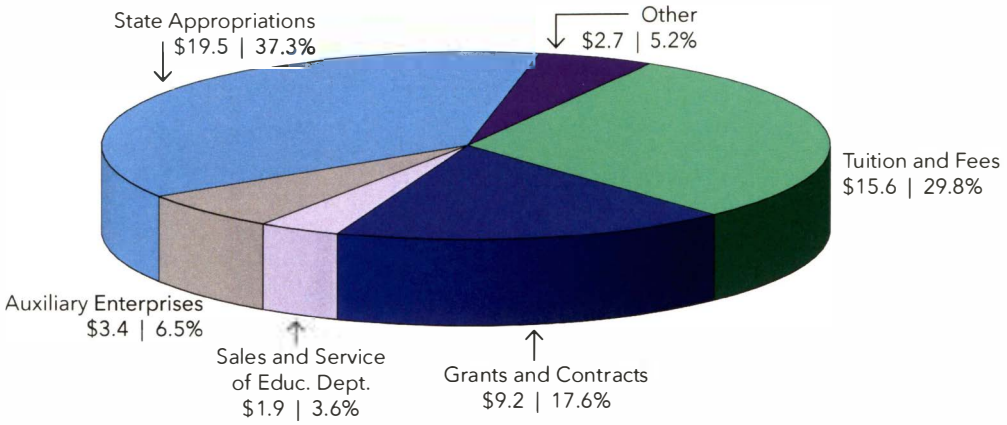
MINOT STATE UNIVERSITY

Total Revenue, Excluding Capital

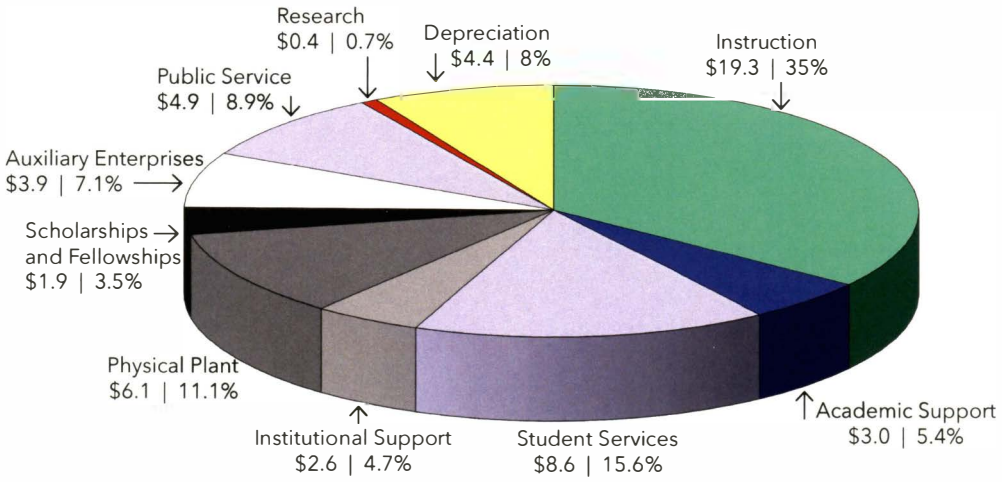
Fiscal Year 2018
($ in millions)



MINOT STATE UNIVERSITY

Operating Expenses by Function

(excluding capital items and other nonoperating expenses)
Fiscal Year 2018
($ in millions)
Total Operating Expenses: $55.1 million



#1 HB 1003 MSU
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MINOT STATE UNIVERSITY

Comparison of SBHE Request and HB 1003
2019-2021 Biennial Budget

	SBHE Request 2019-21 Biennium	HB 1003 Engrossed 2019-21 Biennium	
Operations - General Fund			
2017-19 Adjusted General Fund Appropriation	$ 41,182,976	$ 41,182,976	
Less one-time carryover & payroll adjustments	(1,431,996)	(1,431,997)	
2017-19 General Fund Appropriation	39,750,980	39,750,979	
Less included Extraordinary Repairs	(899,620)	(899,620)	
MiSU 2017-2019 G.F. and Tuition Operating Budget	**38,851,361**	**38,851,360**	
Funding Formula (based on 15-17 SCH enrollment)	(2,300,918)	(2,300,918)	
Funding Formula (96% Floor)	710,879	710,879	
Net Funding Formula Decrease	(1,590,039)	(1,590,039)	
Compensation & Benefits Package	1,560,227	1,520,399	
MiSU Base 2019-2021 General Fund Operating Request & HB 1003	**38,821,549**	**38,781,719**	*
Extraordinary Repairs	899,620	899,620	
2019-2021 Base General Funds	**39,721,168**	**39,681,339**	Per Engrossed Bill
Special Fund compensation and Benefit increases		1,864,949	
Capital Building Fund Tier II Increases		2,042,828	
Special Fund Base	63,302,465	61,358,831	
Total Request and Recommendtion for All Funds	**103,023,633**	**104,947,947**	Per Engrossed Bill

NET IMPACT TO OPERATING BUDGETS				
Difference in G.F. Operating Budgets 2017-19 to 2019-21	**-29,812**	**-0.1%**	**-69,641**	**-0.2%**
Approx. unfunded cost of Tuition Funded Salary Increases	-1,247,999		-619,894	
Approx. undunded cost of Tuition Funded Benefits	-199,680		-99,183	
Net impact to MiSU G.F. And Tuition Operating Budget	**$ (1,477,491)**		**$ (788,718)**	

* 2015-17 General Fund Operating Budget was $47,858,561
HB 1003 would result in a two biennium decrease of 19.0% to MSU's general fund operating budget.

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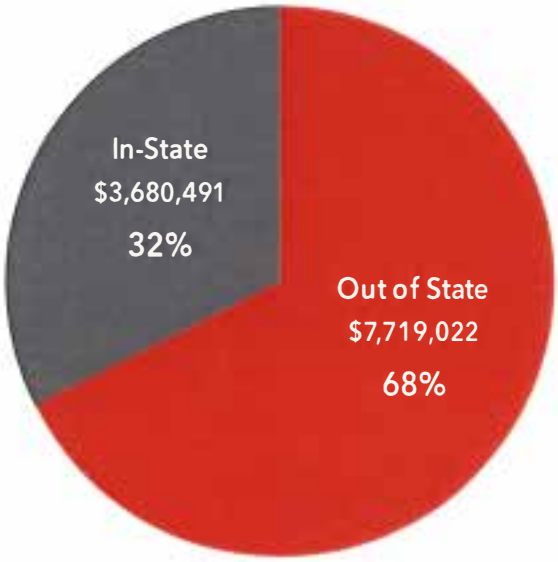
MINOT STATE UNIVERSITY

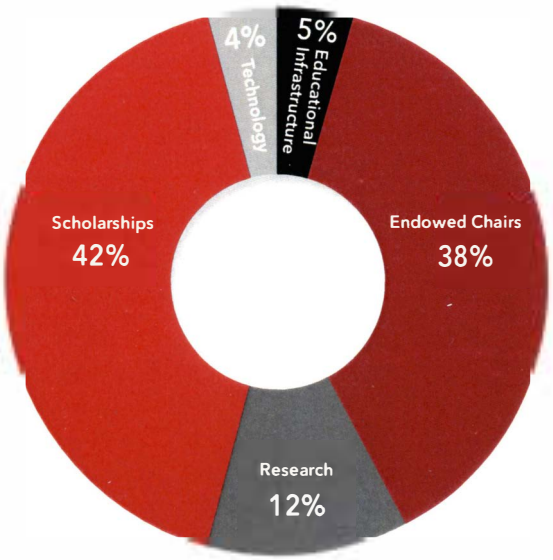
North Dakota Challenge Grant

Out of State/In-State Dollars



	Private Dollars	State Dollars
1st Round (FY '13 - 15)	$3,285,178.05	$1,508,855.73
2nd Round (FY '15 - 17)	$3,781,315.55	$1,654,021.86
3rd Round (FY '17 - 19)	**$4,330,019.24**	**$ 227,479.81**
Total	**$11,399,512.84**	**$3,390,356.40**

Challenge Grant Dollars by Category



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DAKOTA COLLEGE at BOTTINEAU

March 20, 2019

66th Legislative Assembly – Senate Appropriations Hearing

Biennium Highlights:

- DCB achieved record enrollments in both 2017 and 2018. The fall 2017 enrollment of 909 and the fall 2018 enrollment of 996 eclipsed the previous high of 863 students in the fall of 2010.
- DCB named by the SR Education Group as one of the top 20 most affordable accredited online community colleges in the country for 2017, 2018, 2019
- Onlinecolleges.com released its top five rankings for online teacher aide programs in the nation. Dakota College at Bottineau ranked in at #1 with the online paraprofessional educator program. The paraprofessional educator early childhood major prepares individuals to work with children in a variety of settings including daycare centers, preschool programs, home childcare, and schools.
- Dakota College at Bottineau was awarded grant funds of $127,000 from the Otto Bremer Trust for the purchase of nursing training equipment. The grant funded the purchase of three simulation manikins to train students at the Trinity Health Center satellite location of the Dakota Nursing Program.
- DCB was the recipient of a US Department of Agriculture grant to support ND farmers markets and market producers. The grant funding of $297,325 will enable DCB to provide technical assistance to the growing number of farmers markets in the state and will benefit 50 farmers markets and about 500 farmers market vendors.
- DCB's nursing programs reached a record enrollment in fall 2018. Enrollment in the Practical Nursing program was 50 students, with another 40 students enrolled in the Associate Degree Nursing program. DCB is one of four colleges that comprise the Dakota Nursing Program and has the 2nd highest nursing enrollment of the four colleges.
- Dakota College at Bottineau announced the first LEAP (Leading to Education and Advanced Preparation) program graduates. Designed for high schools, LEAP allows high school students to earn a Certificate of College Studies alongside their high school diploma. In May, 2018, DCB graduated seven students from this program; one from Midkota High School and six from Mohall High School.
- DCB continues to be part of a cohort of approximately 20 colleges in the Higher Learning Commission's Persistence and Completion Academy. During this four-year program, DCB will develop and implement strategies to improve student persistence and completion at DCB.
- The DCB Hockey team won the 2017 NJCAA Championship with a win in Binghamton, NY over Erie Community College. This was the Lumberjacks 10th national championship in junior college hockey.

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Partnerships/Efficiencies:

- DCB has completed two years of a Shared Services agreement with Minot State University in which the university provides additional financial management support for Dakota College. DCB's Business Manager, while still housed at DCB, is officially part of MiSU's Business Office. This arrangement provides more consistency in financial reporting and has been a major help in minimizing the disruptions caused by recent turnovers in the chief financial officer position.

- DCB's partnership with Minot State University is unique within the system and serves as a foundation for the sharing of many services and programs. For example, MiSU provides payroll services for DCB. It also provides office space for DCB staff located on the Minot campus. MiSU has also provided IT support for the DCB nursing program as well as publication and printing services for DCB.

- DCB collaborates with Minot State University on the Passport Program and with Valley City State University on the Bridges program. Both of these programs serve students who do not meet the universities' admission requirements. Upon successful completion of 24 credits, Passport and Bridges students can transfer to the university.

- DCB has expanded its nursing program at Trinity Health in Minot. Trinity Health recently provided expanded and remodeled facilities to house the program at its St. Joseph's Healthcare campus.

- DCB participates in the Northern Information Technology Consortium along with WSC, LRSC, TMCC and MiSU. The purpose of the NITC is to provide cross-listed IT courses in order to maintain program viability and increase efficiencies in a historically high-cost program.

- DCB is a member of the Dakota Nursing Program consortium, along with Bismarck State College, Lake Region State College and Williston State College. DCB offers nursing education at its sites at Bottineau, Minot and Valley City.

- DCB, LRSC and WSC participate in a consortium that provides mental health services to students across the three campuses through the use of the interactive video network in order to more effectively and efficiently use existing staffing.

- DCB will be implementing a new agriculture program in the fall of 2019. Through the use of distance delivery, the program will utilize courses from Lake Region State College and Williston State College and Dakota College at Bottineau and will operate similarly to the Northern Information Technology Consortium.

- DCB has fully transitioned its online courses from the Moodle learning management system (LMS) to the Blackboard learning management system. This initiative was undertaken to respond to the North Dakota University System's directive to have all colleges using the same LMS.

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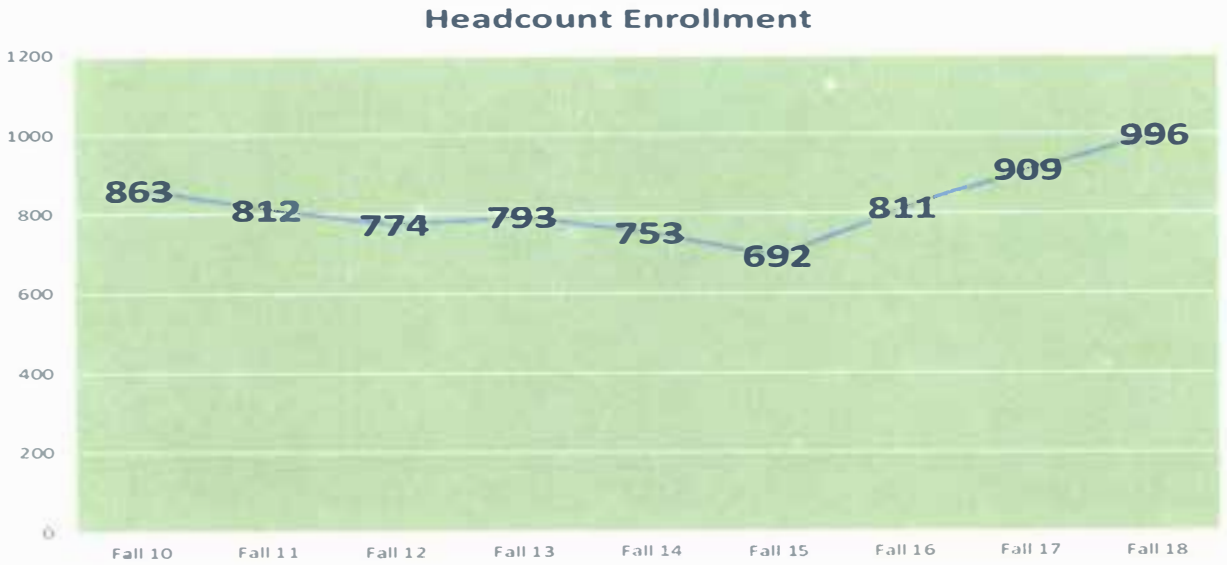
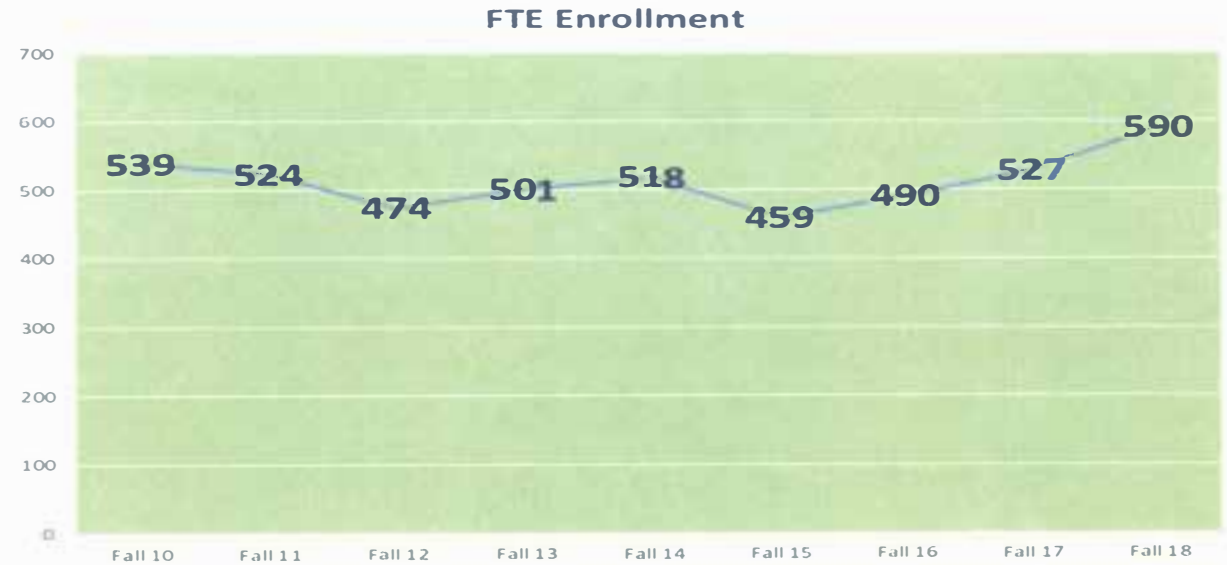
Enrollment pattern (2010 – 2018)



Headcount enrollment increased by:

- 9.6% - fall 17 to fall 18
- 22.8% - fall 16 to fall 18



FTE enrollment increased by:

- 11.9% - fall 17 to fall 18
- 20.4% - fall 16 to fall 18

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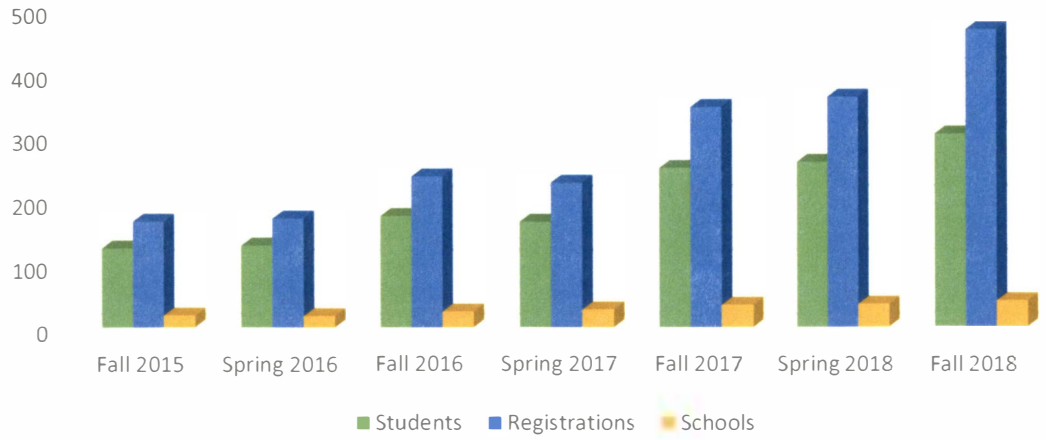
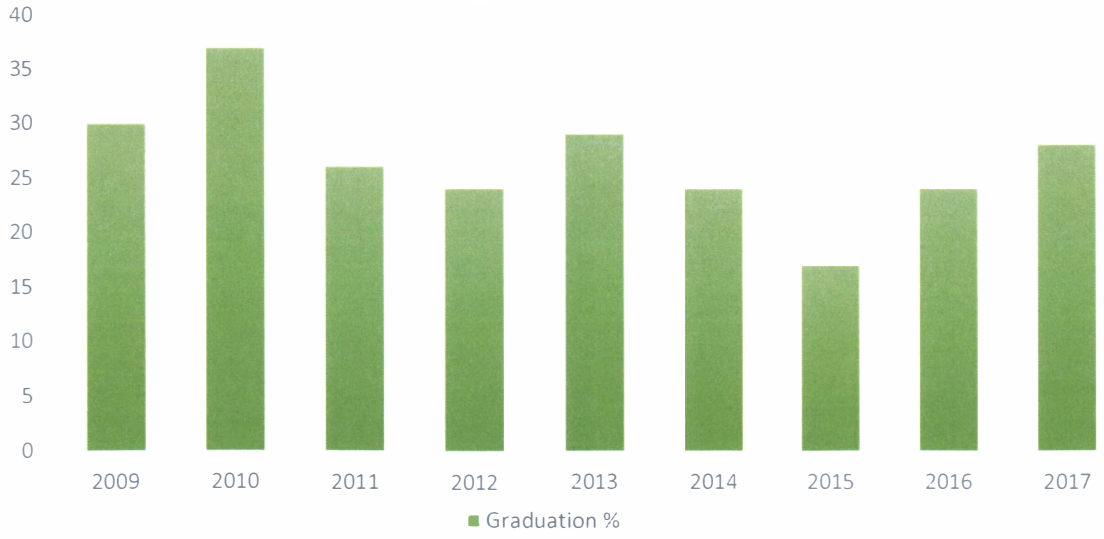
Early Entry/Dual Credit Enrollments



Retention Rate - 1st yr. to 2nd yr.



Graduation Rates



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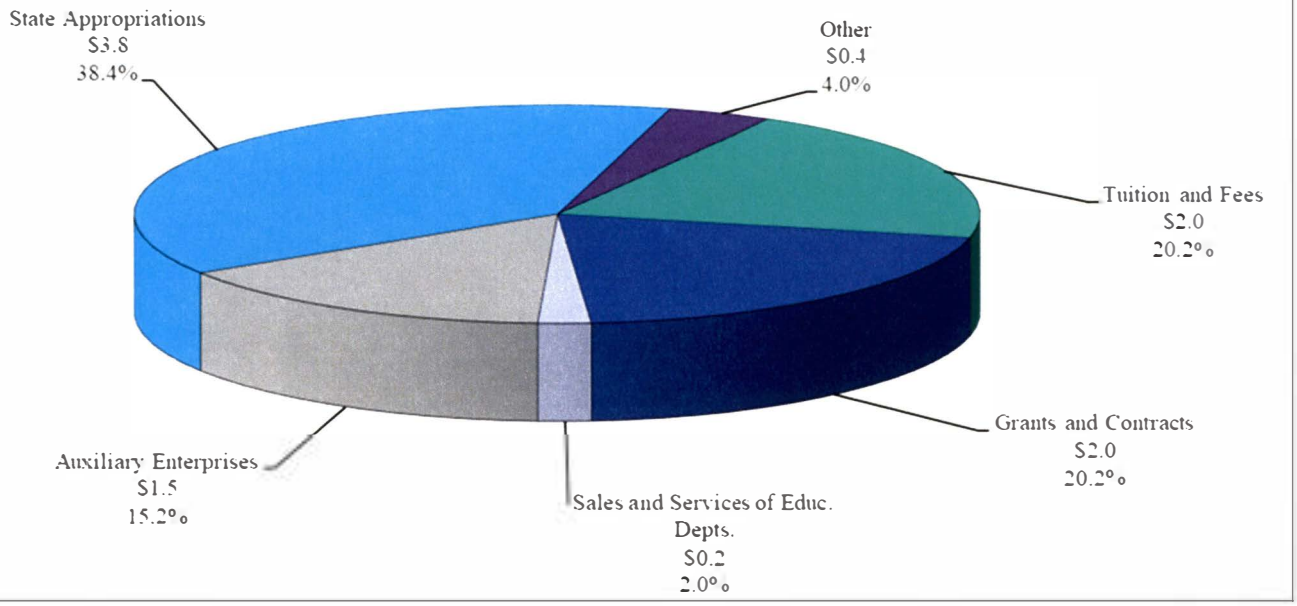
DAKOTA COLLEGE AT BOTTINEAU

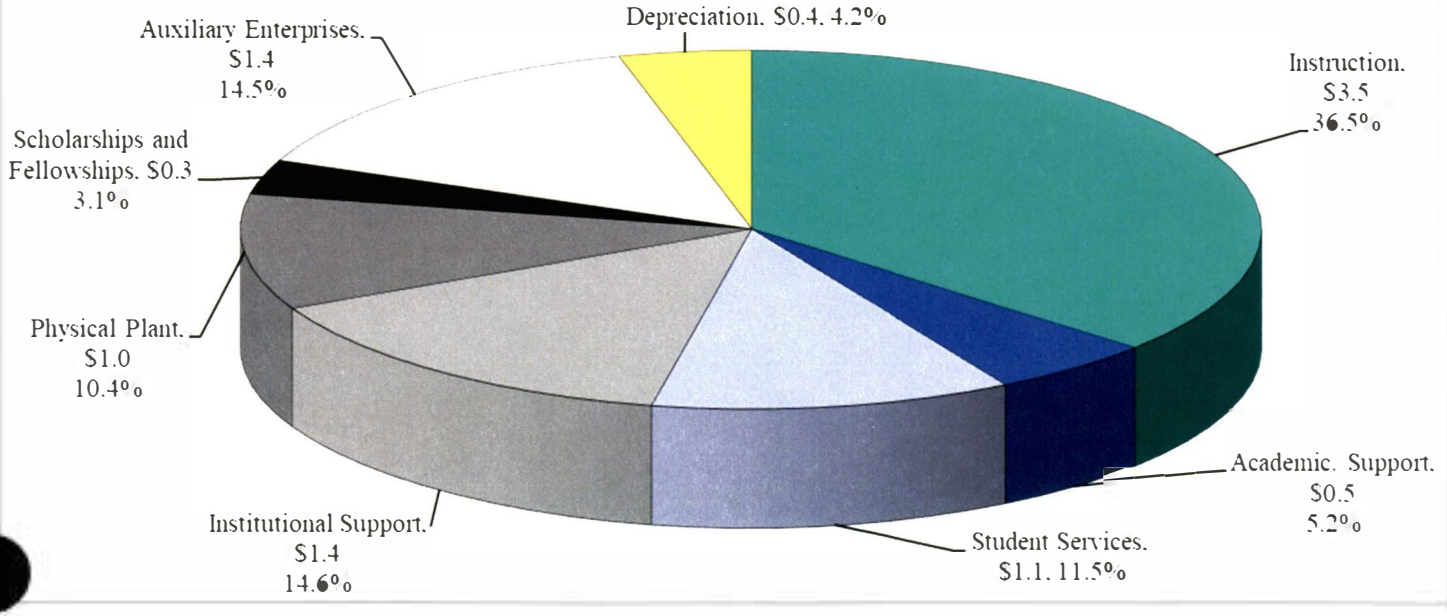
Comparison of SBHE Request and HB 1003 Recommendation
2019-2021 Biennial Budget

	SBHE Request 2019-21 Biennium	HB 1003 Engrossed 2019-21 Biennium	
Operations - General Fund			
2017-19 Adjusted General Fund Appropriation	$ 7,852,997	$ 7,852,997	
Less one-time carryover & payroll adjustments	(200,052)	(200,052)	
2017-19 General Fund Appropriation	7,652,945	7,652,945	
Less included Extraordinary Repairs	(114,007)	(114,007)	
DCB 2017-2019 G.F. and Tuition Operating Budget	**7,538,938**	**7,538,938**	
Funding Formula (based on 15-17 SCH enrollment)	(233,523)	(233,523)	
Compensation & Benefits Package	308,695	278,338	
Base General Fund Request & Recommendations	**7,614,111**	**7,583,754**	
Extraordinary Repairs	114,007	114,007	
2019-2021 Base General Funds	7,728,117	7,697,760	Per Engrossed Bill
Special Funds Compensation		241,967	
Capital Building Fund Tier II		357,700	
Special Fund Request and Exec Recommendation	13,674,670	10,154,074	
Total All Funds	$ 21,402,787	$ 18,451,501	Per Engrossed Bill
Difference in G.F. Operating Budgets 2017-19 to 2019-21	**75,173**	**1.0%**	**44,816** **0.6%**
Approx. unfunded cost of Tuition Funded Salary Increases	-105,923	-87,108	
Approx. unfunded cost of Tuition Funded Benefits	-16,948	-13,937	
Net impact to DCB G.F. and Tuition Operating Budget	**$ (47,698)**	**$ (56,229)**	

Dakota College at Bottineau
Total Revenue, Excluding Capital
Fiscal Year 2018
($ in millions)
Total Revenue $9.9 million



Dakota College at Bottineau
Operating Expenses by Function
(excluding capital items and other nonoperating expenses)
Fiscal Year 2018
(in millions)
Total Operating Expenses: $9.6 million



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Capital Projects

- **Nelson Science Center**
  - Funding of $1,098,789 allocated in 2015-2017 biennial budget, reduced by ~ $71,900 due to allotments
  - Major HVAC and restroom upgrades
  - Phase II needed to complete the project ($1,177,758)
    - Complete HVAC systems to classrooms and offices, install new ceiling grids, lay-in tile, lighting fixtures and lighting controls and install new sprinkler system throughout the building for fire protection (which the building does not currently have), replace science lab furniture and fixtures





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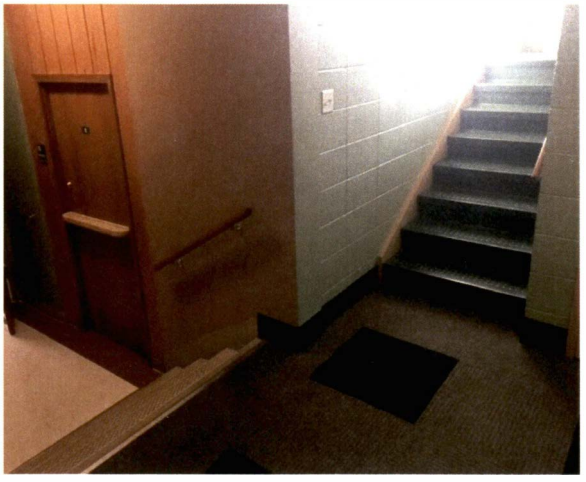
- **Replace Back-up Boiler ($437,492)**
  - If the primary boiler breaks down during severely cold weather, the campus would likely be shut down in order to keep the residence halls heated



- **Major Challenge - Dining Center/Residence Halls**
  - Not on SBHE priority list of projects – but this is a priority for the college because residence halls are the foundation of a sound living/learning environment
  - Dining Center is essentially in a "basement" and is not handicapped accessible
    - **Bonding request of $2.5 million for new space to relocate Dining Center with existing Student Center as well as renovate the Student Center**



Entrance to Dining Center is located in a men's residence hall and requires two flights of stairs

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Unloading entrance to Dining Center



Seating area – no improvements to HVAC since constructed, no natural light

- All 3 residence halls are "traditional" late 50's, early 60's style – i.e., 2 to a room, communal bathroom facilities each floor, limited student study and lounge areas
- Needs – new windows, lighting, and circulation, remodel bathrooms, ADA compliance, furnishings, carpets, mechanical heating systems
- Deferred maintenance needs may make new construction a more cost effective alternative

Employee Compensation

- Last analysis showed salaries at 76% of market rate
- Most recent searches had limited candidate pools

Findings – Audit Report (June, 2018)

- No findings

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Cover



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WILLISTON STATE COLLEGE
MISSION

Williston State College, "**Where the People Make the Difference**," is an open admission learner-centered, comprehensive community college of the North Dakota University System.

The college's mission is to provide accessible, affordable, life-changing, and life-long educational pathways to residents of North Dakota, the Upper Plains, and beyond.

WILLISTON
STATE COLLEGE

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ACADEMIC & TRAINING PROGRAMS
AT WSC

TRANSFER
A.A. & A.S.

CAREER & TECHINICAL
Accounting, Agriculture, Business Management, Information Management, Massage Therapy, Nursing, Petroleum and Automation Technology, Recreation and Sports Management, Speech Language Pathology Paraprofessional, Transportation Technology, Welding Technology (A.A.S. and Certificate)

TRAINND
Short-term and customized training



WILLISTON
STATE COLLEGE

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WILLISTON STATE COLLEGE
NEW PROGRAMS & OPPORTUNITIES

- Nursing Expansion – Tioga (2018) & Watford City (2020)
- CNEA (Commission for Nursing Education Accreditation) Pre-Candidacy (2018)
- NACEP (National Alliance of Concurrent Enrollment Partnerships) Accreditation (2019)
  (107 Colleges and Universities are currently NACEP accredited in the US)
- New Programs – Agriculture & Recreation and Sports Management
- Apprenticeship Program in Industrial Maintenance (NIMMS) (fall 2019)
- GED and Adult Education Center – Watford City
- Combination of Petroleum and IT/Automation into a single crossover program – Petroleum and Automation Technology

WILLISTON
STATE COLLEGE

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WILLISTON STATE COLLEGE
WORKFORCE TRAINING & RELATED PROGRAMS

- **High Priority Programs & Initiatives**: The Community College Technical Education Consortium (CTEC), in planning for strategic workforce initiatives, recognizes rapid changes occurring in the ND workforce, and the need for 2-Year campuses to develop courses, programs, and certificates that adapt to the dynamic 21st century work place environment. Funding is needed to support the development and/or modification of academic & technical offerings that address workforce needs. Priority needs include allied health, agriculture, energy, and industrial maintenance degree and certificate bearing programs.
- **Scholarships in Critical Need Areas:** WSC supports the expansion/creation of scholarship programs that respond to workforce needs by providing support for students engaging in high demand and skilled workforce areas.

WILLISTON
STATE COLLEGE

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WSC PARTNERSHIPS

COLLABORATIVE EFFORTS & SHARED SERVICES

- 2+2 program MOU's with MSU, VCSU, DSU, MiSU, Rasmussen College, and University of Mary
- Allied Health articulation agreement with Rasmussen College
- Dakota Nursing Program (WSC, LRSC, DCB, BSC)
- Northern Information Technology Consortium (WSC, LRSC, DCB, TMCC, MiSU)
- Mental Health Services Cooperative (WSC, DCB, LRSC)
- North Dakota Ag Consortium (WSC, DCB, LRSC)
- NDUS Title IX Training
- BAKKEN U Training Initiative (WSC, DSU, BSC, DCB, and MiSU)
- Shared Payroll Services (NDSU)

WILLISTON
STATE COLLEGE

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WSC PARTNERSHIPS
COMMUNITY CONNECTIONS

- Shared Services Agreement (Williston Recreation District)
- SBDC Shared Space with Williston Regional Economic Development
- Banquet and Event Hosting:
  - Pheasants Forever charity fundraiser
  - Rocky Mtn. Elk Foundation charity fundraiser
  - Upper Missouri Relay for Life charity fundraiser
  - CHI St. Alexius Charity Ball
  - One Million Cups entrepreneurial monthly meeting
  - Oasis Petroleum monthly and quarterly employee meetings
  - Equinor quarterly employee safety meetings
  - Williston Chamber Bakken Rib Fest
  - Williston Festival of Trees charity fundraiser

WILLISTON
STATE COLLEGE

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STUDENT ENROLLMENT & DEMOGRAPHICS

ENROLLMENT

FULL-TIME EQUIVILENT (FTE)
Fall 2017 – 763.44
Fall 2018 – 805.62
HEAD COUNT
Fall 2017 – 1,098
Fall 2018 – 1,124
FULL-TIME EQUIVILENT (FTE)
Spring 2018 – 700.87
Spring 2019 – 746.45
HEAD COUNT
Spring 2018 – 1,164
Spring 2019 – 1,223
Average 5 Year Trend (2013-2019)
Head Count – 21% increase
FTE – 21% increase



WILLISTON
STATE COLLEGE

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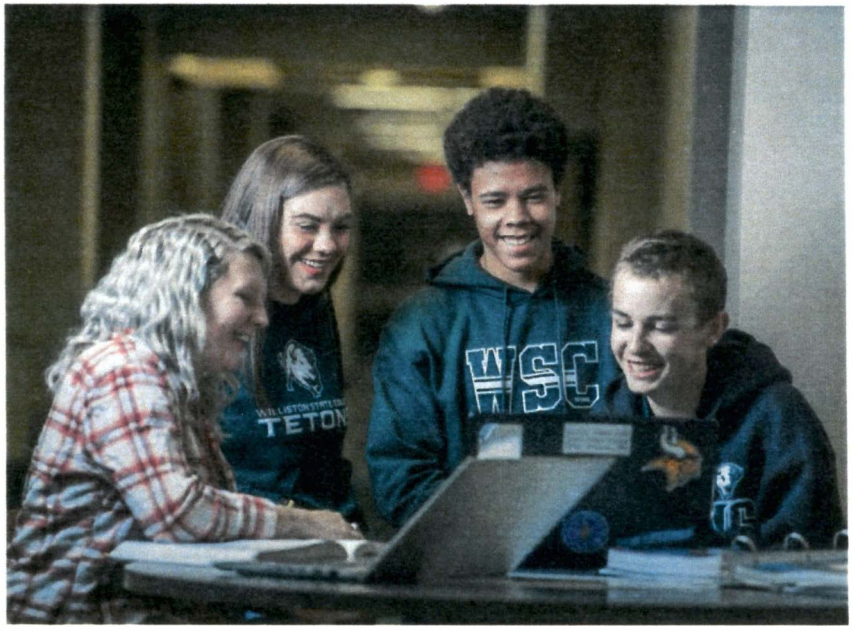
STUDENT ENROLLMENT & DEMOGRAPHICS

STUDENT DEMOGRAPHICS FALL 2018



WILLISTON
STATE COLLEGE

Total Head Count	1124
Total FTE	805.62
Full-Time	645 (57%)
Part-Time	479 (43%)
On-line	231 (21%)
Early Entry	266 (23%)
International	38 (03%)
Male	421 (37%)
Female	703 (63%)
Freshmen	744
Sophomore	380
Average Age	18-24

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STUDENT ENROLLMENT & DEMOGRAPHICS

STUDENT DEMOGRAPHICS FALL 2018

ENROLLMENT (TOP 3 STATES) Fall 2018

North Dakota – 893 (79%)

Montana – 124 (11%)

Colorado – 10 (1%)

ENROLLMENT (TOP ND COUNTIES) Fall 2018

Williams County – 589

McKenzie County – 71

Ward County – 45

Mountrail County – 43

Mercer – 25

WILLISTON
STATE COLLEGE

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RETENTION
AND STUDENT SUCCESS

Student Retention Rates Fall to Spring		
	Fall 2015 to Spring 2016	**Fall 2016 to Spring 2017**
First-time, Full-time Freshmen	74.6% (211/283)	82.6% (199/241)

Freshman to Sophomore Retention Rates Fall to Fall		
	15/16 to 16/17 School Year	**16/17 to 17/18 School Year**
First-time, Full-Time Degree-Seeking Students	57%	57%

WILLISTON
STATE COLLEGE

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RETENTION
AND STUDENT SUCCESS

Graduation Rates

- 2016 Graduates – 169 Degrees Awarded – 248
- 2017 Graduates – 225 Degrees Awarded – 389

Academic Support

- Specialized advising for first year students, mandatory advising each term
- Open access Communication and Math Labs (tutoring and drop-in assistance)
- Student peer tutors
- Self-paced mastery learning mathematics programs (EdReady and ALEX)
- Adult Learning Center (ELL instruction and GED prep)
- Full-time Accessibility and Retention Specialist

WILLISTON
STATE COLLEGE

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SUPPORTING STUDENTS
SCHOLARSHIP PROGRAMS

Primary Impact Counties – Williams, McKenzie, Burke, Mountrail, and Divide counties (North Dakota)
Daniels, Richland, Sheridan, Roosevelt, and Valley (Montana)

WSC Foundation County and Regional Scholarships
2017 – 570 students ($2.4 million)
2018 – 518 students ($1.8 million)
** Fall 2018 Regional Scholarship Program ($1.19 million in support for 493 students)

WSC Students receiving all types of Financial Aid
2017 – 75%
2018 – 73%

WSC Foundation Housing Stipends (Concurrent with County and Regional Scholarship Programs)
2017 – $81,000
2018 – $93,000

Challenge Grant Matching Funds (WSC Foundation and Challenge Grant) - $1.8 Million (to date), supporting both transfer and career technical programs of study at WSC.

WILLISTON
STATE COLLEGE

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BUDGET
STATE GENERAL FUND | WSC

Budget

State General Fund / WSC

Appropriated Funding

2013-2015	2015-2017	2017-2019	2019-2021 (Projected)	Total Decrease
$12,981,307	$9,388,952 (-28%)	$8,504,414 (-9%)	$8,360,503 (-2%)	$4,620,804 (-39%)

2% Salary Increase		126,007.00
One-Time Funding Formula		1,289,220.00
Total Appropriated	$	9,775,730.00

WILLISTON
STATE COLLEGE

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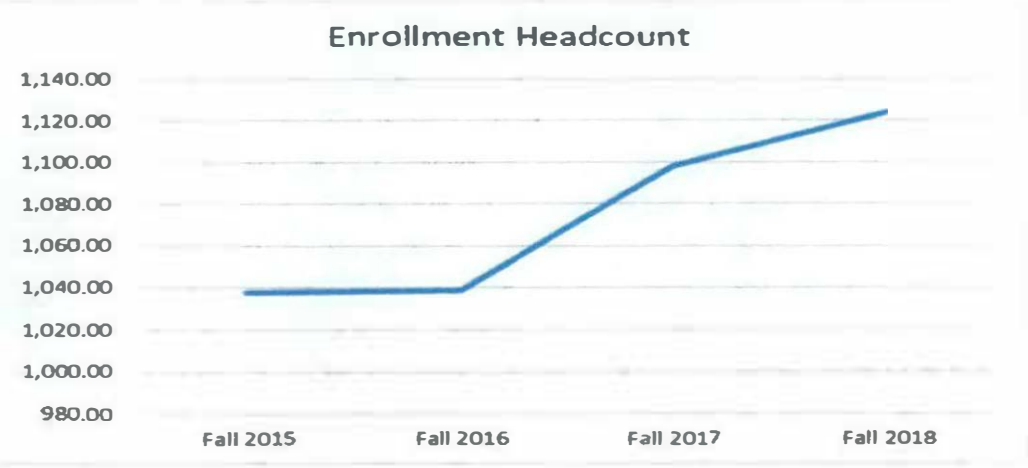
BUDGET
STATE GENERAL FUND | WSC





WILLISTON
STATE COLLEGE

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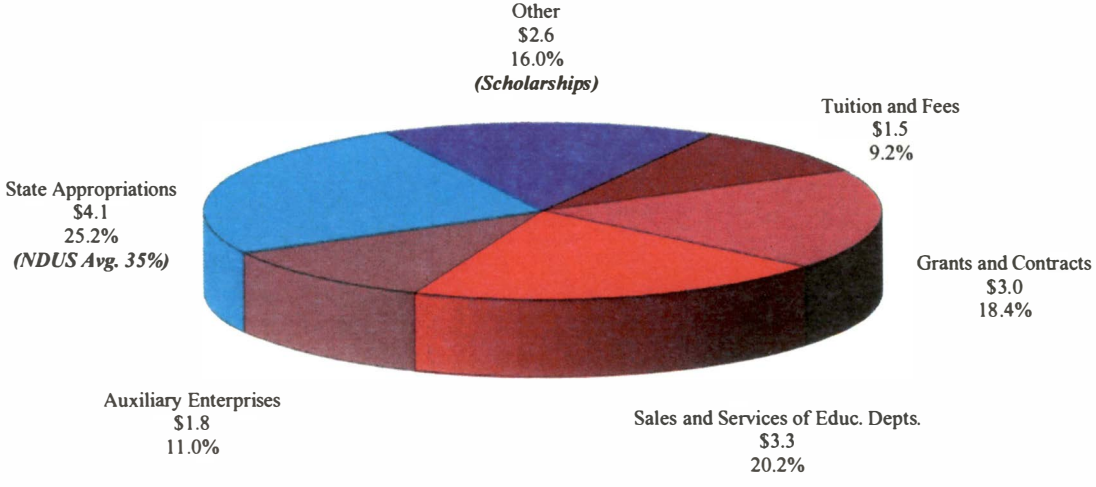
BUDGET

REVENUE | TOTAL REVENUE (EXC. CAPITAL) $16.3 MILLION (FY 2018)



WILLISTON
STATE COLLEGE

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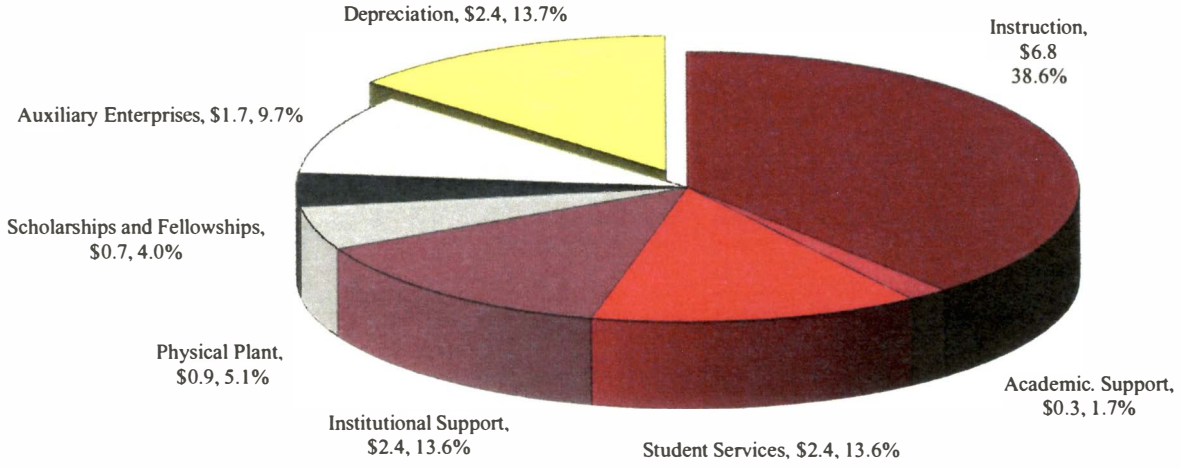
BUDGET
EXPENDITURES | TOTAL EXPENSES $17.6 MILLION (FY 2018)



WILLISTON
STATE COLLEGE

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BUDGET
STAFFING PROFILE FY 2019

- Full-time faculty and staff – 102 (2 FTE's Supported by Auxiliary Accounts/Foundation)

  (2015 Full-time faculty and staff – 110 FTE's)
- Full-time Faculty – 32
- Part-time Adjunct Faculty – 32
- Full-time Staff – 68 (including contract trainers w/ TrainND and WSC Foundation Staff)

In 2017 and 2018: 16/68 (24%) of full-time Staff Members (including TrainND and WSC Foundation) took on additional job duties without additional pay.

In 2017 and 2018: 14/32 (44%) of full-time Faculty took on overload teaching assignments in addition to their full-time teaching load of 15 credits.

Did You Know?

Williston State College contributes over $50 million in Total Economic Impacts to the NW region and the State of North Dakota.

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BUDGET

ADJUSTMENTS FOR THE FY17-19 BUDGET

- No salary increases in FY16 and FY17 for WSC and TrainND staff
- Hiring Freeze for WSC and TrainND (new employees)
- 90-Day Mandatory waiting period when replacing incumbent positions
- Unfilled faculty and staff positions (14 positions)
- Combination of Staff positions and duties
- Green Schedule Strategies
- Reduction in travel and professional development budgets
- $1 million from reserves to make up for reduction in funding

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BUDGET
FISCAL CHALLENGES

- Retaining Faculty and Staff
  - Cost of living in Williston is +5.2% more than other communities in ND with a college/university (SMART Asset Index)
  - WSC Turnover 2012-2018 (26%)
  - Regional Salaries
    - WSC Average Staff Salary - $49,262
    - WSC Average Faculty Salary - $60,694
    - Average North Dakota Salary - $51,188
    - Average NW North Dakota Salary - $75,189
    - Average Hourly Rate, NW Region - $26.50/Hour
    - NW North Dakota Job Openings – 1,411 (December 2018)



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QUESTIONS/COMMENTS
FOR WILLISTON STATE COLLEGE



Dr. John Miller, President | john.s.miller@willistonstate.edu | 701.774.4231

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APPENDICES

- Summary Letter from the President
- Student Enrollment Trends (part time and full time students)
- WSC Student Life Activities
- WSC Budget Overview
- WSC Audit Findings and Action Steps

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Testimony on HB/SB 1003
Williston State College
March 19, 2019
Summary Comments

Senator Holmberg and committee members, hello, my name is John Miller, and I am the President at Williston State College. It has been an honor to speak with you today about WSC. At WSC, we take our mission as a community college seriously and strive to serve the educational, workforce, and enrichment needs of the people of northwestern North Dakota and the Upper Plains.

The last two biennia have seen a slowdown and resurgence in the energy and transportation sectors in NW North Dakota. Businesses, governmental agencies, and our education system have since had a chance to catch up. WSC, and our region, has seen significant growth over the past five years in population, business, infrastructure, and student numbers, both in K-12 and higher education. For WSC, this growth and change, while not always easy, has generally been manageable. In the next biennium we will continue to work hard to show we are a reliable and responsible member of the NDUS, and that we are a valuable center for educational opportunity in NW North Dakota. We have seen changes in our campus, in teachers and support personnel, and in leadership, but through it all WSC has stayed committed to our core belief that "people make the difference."

During my presentation you heard me paint a picture of steady growth at WSC over time; of the assets we will use to their highest effect in the next biennium; the challenges we face moving forward; and the things we are doing to support students and enhance their educational experience at WSC. Never has there been a more important time than now to be good stewards of the resources we have, and to use those resources intelligently and prudently for maximum benefit. Through the next biennium, WSC is committed to "living within our means" while providing the best education we can for our students and the communities we serve. Our commitment to serve goes well beyond the students who attend WSC and extends to our K-12 colleagues, business and industry partners, local communities, and the governmental agencies we work with on the local, state, and national levels.

There are some factors in the educational environment, budget, and general events that are beyond our direct control, but we can always honor our institutional commitment to students. Students are the lifeblood of any college or university, and the days are long gone when we can simply "turn the lights on" and expect students to come to WSC, and more importantly, to stay and find success here. Now more than ever, it is incumbent on WSC's educators, administrators, and support personnel to do everything we can to help students find success and completion at our institution. The process starts with purposeful and continuous recruitment of students, full disclosure of the costs they and their families will bear to support their education, and helping them understand the academic rigor they will experience at WSC.

The better we and our K-12 partners prepare high school students for their future academic journey, the better these students will do. This requires supporting younger students academically, emotionally, and socially as they navigate through a time that has always been difficult for students. Many are on their own for the first time in their lives and need an anchor to family and community. It also means going the extra mile for our older students, many of whom are entering WSC from military careers, life/career changes, and in many cases bringing with them significant language barriers. For these older students, college is a puzzle they simply will not solve without our active assistance and intervention.

Despite the challenges we face moving into the 2019-2021 biennium, WSC will begin with a balanced budget plan to support institutional activities. Our personnel profile, while lean, allows us to provide instructional and support services for our students. Materially, the physical plant and campus infrastructure, along with educational and support space, is adequate to our needs, and where improvements are warranted, planning is made for renovation and improvements. To help in the challenging financial times we find ourselves in, we will draw upon additional support through the generosity of the WSC Foundation and resources we leverage from local business and industry partners. Williston State College, from its early history as a small extension campus for UND, has always shown a "can do" approach to serving the communities and people of northwestern North Dakota, and we will continue that legacy in the next biennium. Please feel free to contact me with follow-up questions and your comments.

Respectfully Submitted,

John Miller
President
Williston State College

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STUDENT TRENDS
AT WSC

ENROLLMENT FACTORS:

1. EARLY ENTRY/DUAL CREDIT ENROLLMENT
2. WSC FOUNDATION SCHOLARSHIP (FULL TIME STUDENTS ONLY)
3. BAKKEN JOB MARKET AND "JOB OUTS"
4. GROWTH OF ONLINE ONLY AND HYBRID STUDENTS

Student Enrollment Breakdown
Enrollment Status

	Fall 2014	Spring 2015	Fall 2015	Spring 2016	Fall 2016	Spring 2017	Fall 2017	Spring 2018
Part-Time	462 (52%)	628 (62%)	435 (42%)	544 (53%)	419 (40%)	615 (53%)	483 (44%)	669 (57%)
Full-Time	421 (48%)	381 (38%)	603 (58%)	484 (47%)	620 (60%)	553 (47%)	615 (56%)	495 (43%)

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STUDENT LIFE

- Tetons Lead Community Service Projects
- Student Safety and Awareness Speaking Series
- Student Support Food Vouchers
- Weekly "Tetons Talk" Peer Counseling Sessions
- Weekly Student Life Events
- Future Fest Student Planning Events
- Campus Wellness and Health Monitoring
- Diversity Events
- Monthly Transitional "School to Living" Events

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WILLISTON STATE COLLEGE
FY 18-19 BUDGET SUMMARY

Williston State College
Statement of Revenues, Expenses and Changes in Net Position

	FY 2019*	FY 2018	Amount Change
OPERATING REVENUES			
Student tuition and fees (net of scholarship allowances of $ and bad debt allowance of $)	1,523,501	1,523,501	-
Federal grants and contracts (net of bad debt allowance of $)	1,177,000	1,255,235	(78,235)
State grants and contracts	566,000	566,764	(764)
Nongovernmental grants and contracts (net of bad debt allowance of $)	1,361	2,474	(1,113)
Sales and services of educational departments (net of bad debt allowance of $)	3,410,017	3,251,024	158,993
Auxiliary enterprises (net of scholarship allowances of $ and bad debt allowance of $)	1,805,980	1,835,977	(29,997)
Other operating revenue	7,463	14,785	(7,322)
Total operating revenues	8,491,322	8,449,760	41,562
OPERATING EXPENSES			
Salaries and wages	9,565,763	10,075,033	(509,270)
Operating expenses	3,975,857	3,648,718	327,139
Data processing	243,267	267,518	(24,251)
Depreciation expense	2,394,276	2,394,276	-
Scholarships and fellowships	855,030	855,030	-
Costs of sales and services	396,594	392,797	3,797
Total operating expenses	17,430,787	17,633,372	(202,585)
Operating income (loss)	(8,939,465)	(9,183,612)	244,147
NONOPERATING REVENUES (EXPENSES)			
State appropriations	4,097,000	4,100,000	(3,000)
Federal grants and contracts (net of bad debt allowance of $)	1,318,932	1,279,784	39,148
Gifts (net of bad debt allowance of $)	2,627,996	2,560,895	67,101
Endowment and investment income	1,420	6,022	(4,602)
Interest on capital asset related debt	(633,845)	(633,729)	(116)
Gain (loss) on capital assets	(47)	(6,026)	5,979
Other nonoperating revenues (expenses)	4,408	3,354	1,054
Net nonoperating revenues (expenses)	7,415,864	7,310,300	105,564
Increase (decrease) in net position	(1,523,601)	(1,873,312)	349,711

*- Note 6 Months of these amounts are estimates

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General and Special Funds Budget Request	Actual Expenses 2017-2019 Appropriated / Special Funding Actual	Budget Request SBHE 2019-21 GF Budget Request
Appropriated Funding	$ 8,504,414	$ 8,360,503
4%/4% Salary Increases	-	252,014
Base Adjustments - Funding Formula	-	1,289,220
Total Appropriated Funding/Request	8,504,414	9,901,737
Special Funds Budget (not used as a metric prior to 17-19)	20,071,711	19,855,598
4%/4% salary increase requested	-	591,261
Base Payroll adjustments	-	(1,067,630)
Other changes in estimated income (primarily TrainND)	4,226,581	4,442,694
Remove prior biennium capital asset carryover	-	(216,113)
Special Funds Actuals / Request	$ 24,298,292	$ 23,605,810
Total All Special - Appropriated funds	32,802,706	33,507,547
Decreased Funding	(1,925,428)	(1,220,587)

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Formal 17-1 - Noncompliance with Procurement Rules

Condition: WSC did not properly procure five of the eleven items in the procurement transactions that we reviewed (totaling $308,409).

Effect: Without properly procuring commodities and services, there was noncompliance with the WSC Purchasing Policy, NDUS procedures, and ultimately, noncompliance with NDCC chapter 54-44.4.

Cause: Williston State College did not fully understand what was required for the different purchasing thresholds.

Criteria: NDCC section 15-10-17 part 5, states in part, that the SBHE may determine policy for purchasing by the University System in coordination with OMB as provided by NDCC chapter 54-44.4.

NDUS Procedure 803.1, part 3 states in part that commodity purchases greater than $10,000 but less than $50,000, requiring informal quotes or proposals from more than one vendor shall be solicited. If quotes are not received from more than one vendor, the Alternate Procurement Request form, or other non-competitive exception document is required. In addition, commodity purchases of $50,000 and greater must be purchased from formal bids or a request for proposal. For service purchases greater than $10,000 but less than $100,000 requiring informal quotes or proposals from more than one vendor shall be solicited. If quotes are not received from more than one vendor, the Alternate Procurement Request form, or other non-competitive exception document is required. In addition, service purchases of $100,000 and greater must be purchased from formal bids or a request for proposal.

WSC Purchasing Policy states in part that commodity purchases greater than $2,500 but less than $25,000, require no fewer than three vendors to submit oral or written informal bids or proposals (when feasible). If three bids cannot be obtained, written justification must be provided. Purchases over $25,000 require formal, sealed bids.

Recommendation: *We recommend that WSC properly procure commodities and services in compliance with NDCC, NDUS requirements and the WSC Purchasing Policy.*

Williston State College Response:

Agree – Implemented December 2018

The CFO, will implement a corrective action plan that includes correspondence with Budget Managers to ensure compliance with NDCC, NDUS and a revised WSC Purchasing Policy. This corrective action plan will be placing requirements

on purchasing IAW NDCC, NDUS and WSC Policy. Implementation has begun, as of 8/1/2018, and will include training on SBHE 803.4 thresholds effective 4/01/2018 and a review of purchase order requirements. This change in College policy will take approximately four months to complete.

Full implementation on 12/31/2018 and training for the entire faculty and staff followed on January 4, 2019.

Informal #1 - Inadequate Monitoring of Access Roles

Condition: WSC is not properly monitoring access roles in the human capital management and financial environments of PeopleSoft. There were employees who had access in these two environments to roles that should not have had access.

Effect: There is noncompliance with NDUS procedure 1912.1 and lack of good internal controls.

Cause: The reviews of the access roles in PeopleSoft were inadequate.

Criteria: Proper internal controls should provide reasonable assurance that operations are effective and efficient and financial reporting is reliable. An integral part of operational effectiveness and efficiency, as well as ensuring the reliability of financial information is requiring that proper restrictions on the different levels of access are continuously monitored to ensure the integrity of the data. Additionally, proper internal controls also provide reasonable assurance of compliance with applicable laws and regulations.

NDUS Procedure 1912.1 identifies risks and requires coordinators to review procedures, keep current on potential threats, and conduct regular risk assessment and an annual evaluation to ensure ongoing compliance.

Recommendation: *We recommend that WSC continuously monitor the access roles to the human capital management and financial environments of PeopleSoft to ensure the proper level of access is granted and/or removed in a timely manner to warrant proper segregation of duties.*

Williston State College Response:

Agree – On-Going Review and Adjustment

Access Control Officers, Finance, HRMS, and Campus solutions, will review access roles pertaining to areas in which they act as Access Control Officer. A review of access roles will be completed on a quarterly basis.

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All changes and new access will be approved to ensure compliance with the NDUS procedures and ensure compliance with segregation of duties. Compensating controls for Individuals that require conflicting roles will be retained on file with NDUS and the compensating control will be reviewed on a monthly basis by the access control officer. All review documentation will be signed and maintained by the campus.

Informal #2 - Lack of Blanket Bond Coverage

Condition: WSC did not have a blanket bond coverage during our audit period.

Effect: WSC is at risk of losing money, should a loss occur.

Cause: WSC failed to renew their blanket bond coverage with the North Dakota Insurance Department.

Criteria: NDCC section 26.1-21-10 states each state agency shall apply to be bonded in the fund no less often than on a biennial basis or when a change in coverage is requested, whichever occurs first.

Recommendation: *We recommend that WSC maintain adequate blanket bond coverage.*

Williston State College Response:

Agree – Implemented

The renewal notice was sent to an email account for an employee that was no longer employed at the College.

We have purchased the Blanket Bond Coverage and the future renewal notices will be sent to the College via U.S. Mail. WSC Controller, will ensure that the renewal notices are purchased timely IAW NDCC Section 26.1-21-10.

Informal #3 - Inadequate Controls Surrounding Till Funds

Condition: WSC did not have adequate controls to ensure proper safeguarding of till funds. During fiscal year 2017, WSC could not account for $1,000 in their athletic till fund and had to write off the amount.

Effect: WSC is susceptible to an increased risk of theft or fraud occurring and not being detected in a timely manner.

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Cause: WSC did not implement appropriate controls for all till funds.

Criteria: COSO Internal Control - Integrated Framework section on Transaction Control Activities states in part that controls for cash and other assets are secured physically (e.g. in a locked or guarded storage area with physical access restricted to authorized personnel) and are periodically counted and compared with amounts shown on control records.

Recommendation: *We recommend that WSC ensure adequate controls are implemented to safeguard till funds.*

Williston State College Response:

Agree - Implemented April 2017

Surprise till fund counts are performed by an individual outside the cashiering office. Surprise count dates are determined by the independent individual and performed on a quarterly basis at a minimum.

Informal #4 - Inadequate Controls Surrounding Equipment

Condition: WSC does not have adequate controls in place surrounding equipment:

- Documentation was lacking to prove that an annual inventory had been performed for all departments;
- Inadequate documentation showing the individual who performed the inventory and the subsequent independent approval of the departmental inventory; and
- Equipment was not removed from PeopleSoft in a timely manner.

Effect: There is noncompliance with NDCC and an increased risk of theft of equipment going unnoticed.

Cause: This was an oversight by WSC.

Criteria: NDCC section 44-04-07 states in part that the person in charge of any institution shall maintain, or cause to be maintained, a complete and current inventory record of all property of sufficient value and permanence to make such inventory record practical. Each year such person shall make a complete inventory of all such property, and shall maintain such inventory, with a person's certificate thereto attached, as to the correctness of same, in the files and records of the institution.

The Committee of Sponsoring Organizations (COSO) of the Treadway

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Commission publication Internal Control - Integrated Framework states that proper design and implementation of internal control policies and procedures for performance measures, segregation of duties, approval, monitoring, and verification methods are necessary to ensure objectives are effectively achieved. Proper internal control reduces the risk of asset loss and helps ensure the reliability of the financial statements.

Recommendation: *We recommend that WSC implement controls to ensure that there is proper documentation of departmental inventories, including the individual(s) performing and approving the inventories and equipment is updated in PeopleSoft timely.*

Williston State College Response:

Agree

The new CFO will review existing controls and analyze internal control weaknesses. The Financial Management Accountant will ensure proper documentation and completion of these inventories by the Department Managers on an annual basis and reviewed by the CFO.

Upon completion of annual inventories, the Financial Management Accountant will save these inventories and reconcile any differences between Peoplesoft and inventory results. If changes are needed, the Financial Management Accountant will submit the changes to the Controller or CFO for approval of the timely entry into Peoplesoft.

Prior Recommendation #1 - Lack of Controls Surrounding Cash and Revenues

Condition: During the fiscal year 2012-2013 and subsequent audits, we noted a lack of controls surrounding cash and revenues.

Current Status:
WSC lacked controls in the following areas surrounding cash and revenue:

- Adequate reconciliations of student finance to the general ledger to the bank statements are not being performed;
- Reconciliations of marketplace to the general ledger are not being performed on a monthly basis;
- Receipts are not being deposited timely (19%); and
- Credit card settlement reports did not agree to the credit card receipts in PeopleSoft (9%).
    - What is this for, is this receiving payments after the till is closed?

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Effect: WSC is susceptible to an increased risk of theft or fraud occurring and not being detected in a timely manner.

Cause: WSC has not taken steps necessary to review and revise internal controls to mitigate the risk of error, theft, or fraud.

Criteria: The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control - Integrated Framework states that control activities include approvals, reconciliations, and segregation of duties.

NDUS Accounting Manual states in part that cash receipts should be logged and deposited in the bank daily or as dictated by policy. Cash receipts of various departments should be deposited to the Business Office intact, on a daily basis.

GASB statement 34, paragraph 92 states: "Proprietary fund statements of net assets and revenues, expenses, and changes in fund net position should be presented using the economic resources measurement focus and the accrual basis of accounting." This can be defined as all revenues are recorded when earned.

Recommendation: *We recommend WSC implement controls to ensure:*

- *Adequate reconciliations are performed to completely reconcile student finance to the general ledger and the bank statements;*
- *Reconciliation of marketplace to the general ledger is being performed on a monthly basis;*
- *Timely deposit of receipts; and*
- *Credit card settlement reports agree to PeopleSoft credit card receipts.*

Williston State College Response:

Agree

Reconciliations will be initiated by the Student Finance Associate and submitted for review by the Controller. This reconciliation will be completed on a monthly basis.

Reconciliations of the marketplace will be completed by the Student Finance Associate and reviewed by the controller. This reconciliation will be completed on a monthly basis.

Credit card settlement reports are reconciled by the WSC AP Associate and is reviewed for discrepancies and submitted to the Controller for a final review. Any discrepancies will be investigated and adjusted as needed upon receipt of Controller approval.

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Prior Recommendation #2 - Lack of Controls Surrounding Payroll

Condition: During the fiscal year 2012-2013 and subsequent audits, we noted a lack of controls surrounding payroll.

Current Status:
WSC has inadequate controls in place surrounding payroll:

- There is not a documented independent reconciliation of the salaries entered into PeopleSoft to the approved contracts; and
- Payroll appointment change forms are not being approved prior to the effective date of the change.

Effect: There is an increased risk of error or fraud including the possibility that a fictitious employee could be created and go undetected in the normal course of business.

Cause: WSC has failed to implement proper controls surrounding payroll.

Criteria: The Committee of Sponsoring Organizations of the Treadway Commission (COSO) publication Internal Control - Integrated Framework states that control activities include approvals, reconciliations, and segregation of duties.

WSC Human Resource Personnel Change Form procedure states "personnel change forms are due in the payroll office before a new employee's first day of work or before the effective date of any changes."

Recommendation: *We recommend WSC strengthen controls surrounding payroll by:*

- *Performing an independent reconciliation of salaries to approved contracts on at least an annual basis; and*
- *Obtain approval for payroll appointment changes prior to the effective date of the change.*

Williston State College Response:

Agree - Implemented 7/1/2018

The WSC Payroll associate will review the payroll contracts prior to entry into Peoplesoft. The CFO will review the entries into Peoplesoft and a reconciliation to these contracts will be documented. Salaries and Wages will be reconciled to the Contract and/or any payroll change forms. The CFO will also conduct a review of the semi-monthly payroll amounts and save the reconciliation.

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Any changes to employment will be initiated by the Supervisor and approved by the Department Manager. The document is submitted to the CFO and Final approval is the President of the College.

Prior Recommendation #3 - Lack of Controls Surrounding Expenditures

Condition: During the fiscal year 2012-2013 and subsequent audits, we noted a lack of controls surrounding expenditures.

Current Status:
WSC has weak controls in place surrounding expenditures, specifically:

- 7 out of 32 journal entries (22%) did not have proper approval; and
- Several individuals in the Business Office had access on PeopleSoft to void/reissue checks. These employees do not have any responsibilities in the check voiding/reissuing processes.

Effect: WSC is susceptible to an increase risk of error, fraud, or abuse occurring and going undetected or not being caught in a timely manner.

Cause: WSC has not taken steps necessary to review and revise its internal controls to eliminate or mitigate its internal control risk.

Criteria: The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control - Integrated Framework states control activities include approvals.

NDUS Procedure 1901.2 part 4.1 states in part that access to information and devices is granted to authorize NDUS personnel as necessary for the performance of their duties and such access should be based on minimal need to perform those duties.

Recommendation: *We recommend WSC implement controls surrounding expenditures to ensure there is:*

- *A standardized approval process for journal entries; and*
- *A review of the access roles for voiding/reissuing checks to ensure only those necessary individuals have access.*

Williston State College Response:

Agree - Implemented 07/01/2018

Expenditures will be reviewed and approved by the appropriate department managers for approval review of the required documentation. After department approval the expenditure is submitted for final review by the Controller, CFO or Financial Accountant/Analyst based upon approval requirements.
ONL journal entries will be have a secondary review from the preparer by the

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Controller, CFO or Financial Accountant/Analyst.

Agree - Implemented 07/01/2018

Access Roles in PeopleSoft will be reviewed quarterly by the division(s) access control officer. Appropriate access roles will be maintained according to position requirements. Compensating control will be in place as needed.

Prior Recommendation #4 - Lack of Controls Surrounding Purchase Card Expenditures

Condition: During the fiscal year 2012-2013 and subsequent audits, we noted a lack of controls surrounding purchase card expenditures.

Current Status:
WSC has weak controls in place surrounding purchase card expenditures, specifically:

- The agency statement was not signed by the card administrator indicating that it was reconciled to the individual card holder statements (53%); and
- There is no policy or procedure in place when a temporary or permanent change to the credit limit of an individual's purchase card is increased or decreased.

Effect: The risk of misstatement, fraud, and noncompliance are increased with inadequate reviews, inadequate or missing documentation, and lack of proper controls. WSC exposes itself to risk of loss, potential liabilities, and damage to their reputation, whether due to error, theft or fraud

Cause: Adequate reconciliations and supporting documentation for purchase card transactions are not being maintained.

Criteria: The Committee of Sponsoring Organizations (COSO) of the Treadway Commission publication Internal Control - Integrated Framework states that control activities are the actions established through policies and procedures that help ensure that management's directives to mitigate risks to the achievement of objectives are carried out. They may be preventive or detective in nature and may encompass a range of manual and automated activities such as authorizations and approvals, verifications, reconciliations, and business performance reviews.

OMB's Fiscal and Administrative Policy #300 Purchasing Card, in part states card administrators should run an agency statement with the state's current card provider, reconcile it to the individual statements and sign the agency statement denoting reconciliation.

Recommendation: *We recommend WSC strengthen controls surrounding*

Confidential Draft

purchase cards by:

- *Ensuring the card administrator reconciles the individual statements with the agency statement and signs off to the card statement; and*
- *Develop a policy or procedure for the temporary or permanent changes to credit limits to individual's cards.*

Williston State College Response:

Agree - Implemented 7/1/2018

WSC has adopted OMB's Fiscal Administrative Policy #300. Department Budget managers ensure all required supporting documentation and reconciliation is completed by the individual P-Card Holder and submitted to the AP Associate. AP Associate will reconcile the p-card statements, investigate any discrepancies, and sign off on the reconciliation. CFO/Controller will perform final review and approval prior to posting.

WSC adopted the NDUS Purchase Card Change Request form. Department Budget Managers approve and submit the Change Request form to the CFO for approval. CFO forwards the request form to the P-Card administrator who then enters the corresponding changes.

Prior Recommendation #5 - Inadequate Controls over Non-Cash Adjustments

Condition: During the fiscal year 2012-2013 and subsequent audits, we noted a lack of controls surrounding non-cash adjustments.

Current Status:
Controls surrounding non-cash credit adjustments are inadequate, specifically, we noted there was not adequate supporting documentation for non-cash credit adjustments to student accounts maintained on file.

Effect: WSC lacks assurance regarding the propriety of non-cash adjustments recorded to student accounts and erroneous adjustments could be recorded without detection.

Cause: WSC has not adequately developed and implemented proper internal controls surrounding non-cash adjustments.

Criteria: Committee of Sponsoring Organizations (COSO) of the Treadway Commission publication Internal Control - Integrated Framework states that proper design and implementation of internal control policies and procedures for performance measures, segregation of duties, approval, monitoring, and

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verification methods are necessary to ensure objectives are effectively achieved.

Recommendation: *We recommend WSC strengthen controls surrounding non-cash credit adjustments posted to student accounts to ensure supporting documentation is maintained for all non-cash credit adjustments.*

Williston State College Response:

Agree - Implemented 7/1/2018

Director of Residence Life is responsible for obtaining supporting documentation for non-cash adjustment transactions from the THD (housing) System that interfaces with Campus Solutions student accounts. WSC has created the Residence Life Change Request form to indicate the change, student signature is received, and the corresponding form is saved to the student file.

Other than housing requests, originating department will complete the Non-Cash Adjustment form documenting the reason for the non-cash adjustment. Controller will review all changes prior to the manual postings.

Prior Recommendation #6 - Lack of Supporting Documentation

Condition: During the fiscal year 2014-2015 audit, we noted that WSC did not have adequate supporting documentation to substantiate transactions.

Current Status:
WSC lacked supporting documentations for the following transactions:

- Documentation of individuals present for team travel meals was not provided for travel expenses;
- Request for travel forms are not being completed prior to employee travel; and
- General ledger transactions were missing supporting documentation.

Effect: Unsupported accounting transactions increases the risk of misstated financial statements and allows for fraud, waste, and abuse to occur without detection.

Cause: WSC is not ensuring that all supporting documents are obtained prior to payment.

Criteria: NDCC section 54-46-05 states in part that the head of each agency shall make and maintain records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency designed to furnish information to protect the legal and financial

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rights of the state and of persons directly affected by the agency's activities.

NDCC section 44-08-04 states in part that a higher education athletic team or organization may be submitted for payment on a team or group travel expense report for team meals including coaches, trainers and other employees.

The Committee of Sponsoring Organizations (COSO) of the Treadway Commissions publication Internal Control - Integrated Framework states in part that management must also determine how much documentation is needed to assess the effectiveness of internal control. Some level of documentation is always necessary to assure management that the components of internal control are in place and functioning.

WSC Staff Handbook states in part that a "request for travel" form must be filled out and signatures secured prior to leaving.

Recommendation: *We recommend that WSC maintain documentation for all transactions to ensure an adequate audit trail is available.*

Williston State College Response:

Agree - Documentation of team travel meals implemented 02/01/2018

Team travel rosters are provided with all team travel payment requests. The department budget manager is responsible for ensuring team travel rosters are provided. WSC Controller or AP Associate will review to ensure all rosters are attached.

Request for travel forms - Current evaluation of the Travel request form is being considered at Cabinet and their recommendations will be implemented upon completion of their review.

General Ledger transactions – Implemented 7/1/2018.

WSC Controller or CFO, will ensure that general ledger transactions have all of the required supporting documentation during the final review.

Confidential Draft

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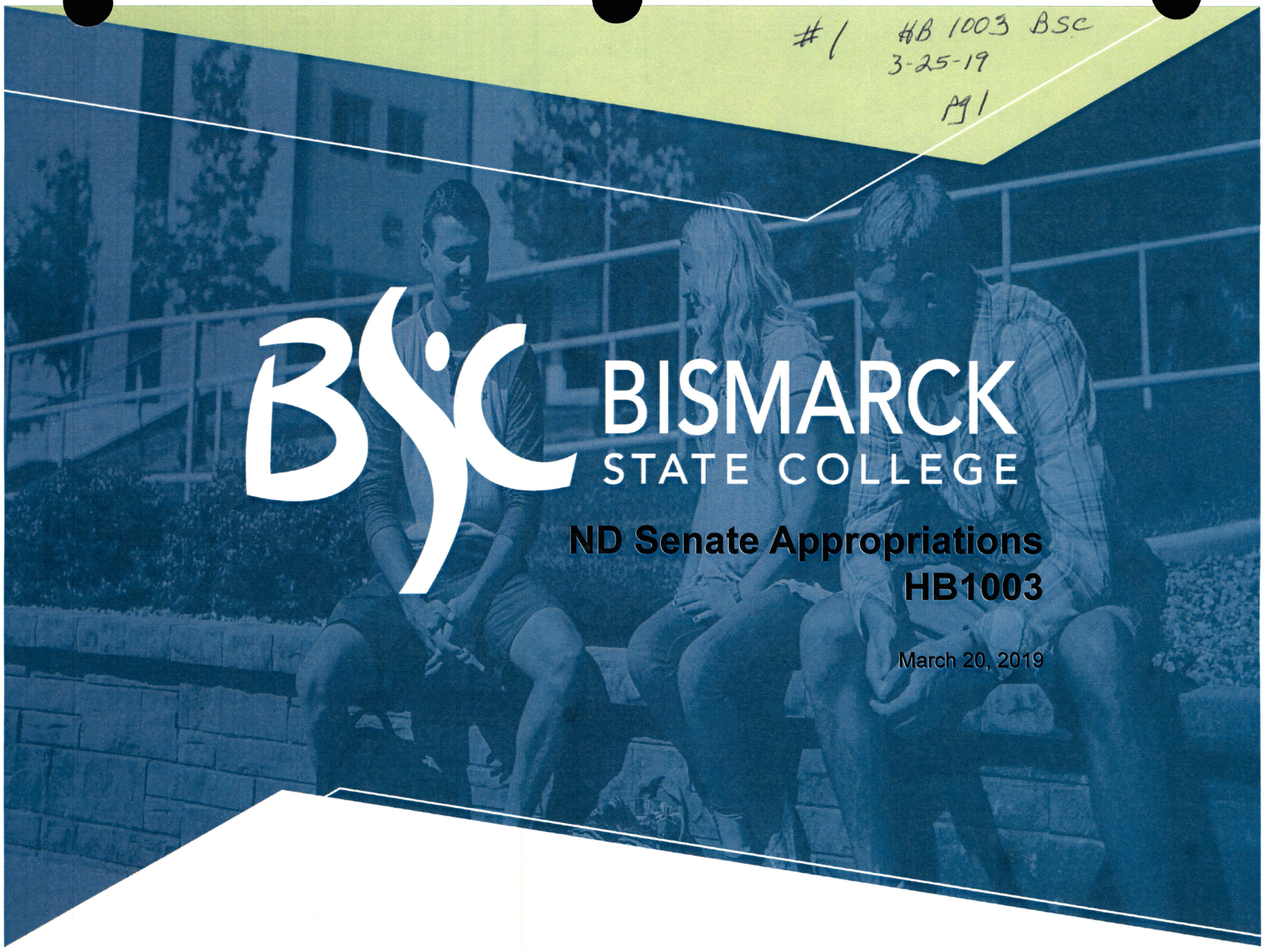

BISMARCK STATE COLLEGE

ND Senate Appropriations
HB1003

March 20, 2019

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Pg 2

2017-19 Base Level and 2019-21 Budget Request

General Fund	2017-19 Base Level	Requested Adjustments	2019-21 Needs-Based Budget Request
Campus Operations	$30,182,924	$504,387	$30,687,311
Capital Assets	$ 417,673	--	$ 417,673
Total State General Fund	$30,600,597	$504,387	$31,104,984

Special Fund	2017-19 Base Level	Special Fund Adjustments	2019-21 Needs Based Budget Request
Campus Operation	$71,487,110	($3,567,473)	$67,919,637
Capital Assets	$ 1,504,888	($ 10,348)	$ 1,494,540
Total Special Fund	$72,991,998	($3,577,821)	$69,414,177

1. *General Fund Requested Adjustments consist of a $1,326,732 increase for a 4% per year salary increase and funding formula reduction of ($822,345).*

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Engrossed HB1003 Compared to 2019-21 Needs Based Budget Request

General Fund

	2019-21 Needs Based	2019-21 Engrossed HB1003	Difference
Campus Operations	$30,687,311	$30,477,703	($209,608)
Capital Assets	$ 417,673	$ 417,673	$ 0
Capital Building Fund	$ 0	$ 0	$ 0
Total State General Fund	$31,104,984	$30,895,376	($209,608)

1. General Fund Engrossed HB1003 first removes the requested increase of ($504,387). It includes funding for a 2% per year salary increase of $536,167; increased cost to maintain health insurance of $580,957; and a funding formula reduction of ($822,345) due to decline in credit hour production.

Special Fund

	2019-21 Needs Based	2019-21 Engrossed HB1003	Difference
Campus Operations	$67,919,637	$66,745,156	($1,174,481)
Capital Assets	$ 1,494,540	$ 1,504,888	$ 10,348
Capital Building Fund	$ 0	$ 1,679,082	$ 1,679,082
Total Special Fund	$69,414,177	$69,929,126	$ 514,949

1. Special Fund Engrossed HB1003 first removes the requested 4% per year salary increase of ($1,563,087), but then includes authority for a 2% per year salary increase of $684,881, and an additional $793,112 to maintain employee health insurance.
2. Includes funds from the Bank of North Dakota of $425,093 and a dedicated 1% tuition increase of $413,848 matched by operational funds of $839,541 for Tier II Capital Building funds for extraordinary repairs and deferred maintenance projects.

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BSC supports SBHE budget initiatives not in Engrossed HB 1003

1. Base adjustment: 1 FTE College & Career Dev Coordinator $121K
   - Engage secondary students regarding workforce opportunities in emerging, critical need careers
2. One-time adjustment: $1M for academic technology and infrastructure
   - Last biennium budget reduction disrupted equipment replacement cycle.
   - Funding needed to support student success and expectation.
3. Capital Project: $500K for card access system
   - Safer more secure environment for students and employees
   - #4 ranked campus project request for the SBHE

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BSC supports SBHE initiatives not in Engrossed HB 1003, cont.

1. Envision 2030 System Initiatives
   - $4M (one-time) for high priority programs and initiatives
     - Funds used to develop courses, programs, and certificates to meet ND's most critical workforce needs.
   - $1M (base) for scholarships in critical need, high-demand areas

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BSC supports workforce development bills

- BSC supports two bills that provide grant and scholarship funds to help develop and implement a skilled workforce.
  - SB 2039 transfers $10M from BND profits to establish skilled workforce scholarship program.
    - Scholarships are better for recruiting students
  - HB 1171 transfers $10M from BND profits to establish skilled workforce grant program.
- Both bills fit with the ND Workforce Development Council recommendations from October 2018 to develop a workforce equipped with the skills needed to succeed today and thrive and grow in the future.

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Need for tuition increase

- Cover student share of salary, health insurance increases
- Sustain programs and services
- More flexibility on setting tuition

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BSC Student Profile Fall 2018

Programs

Liberal Arts	1108
Technical	1521
BAS	201
Non-degree	948
Early entry	603
Other	345
Total	**3778**

Class level

Freshman	1995
Sophomore	1585
Junior	38
Senior	160

Gender

Female	1644
Male	2134

Mode of Education Delivery

On campus	1313
Blended (f2f+online)	770
On campus	2083
Distance/online only	1695
In ND	1102
Out-of-state	593

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BSC committed to veterans, military

- 2017-18: 209 veterans and dependents attending BSC
  - Represent 25 states
  - Enrolled in 31 programs
    - 6 in Cybersecurity and Computer Networks
    - 65 in Energy-related programs
- 103 active duty military in 21 BSC programs
  - All branches, 33 states represented
- 2013-present: 733 veterans attending BSC
- Chief Distance Learning and Military Affairs Officer Lane Huber served as president of Consortium of Civilian Military Educators

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Graduation rates and retention

	BSC	ND Cmty Colleges	National Average
Graduation rate	53%*	37%***	23.6%***
Retention rate FT	67%**	59%ǂ	62%ǂ
Retention rate PT	41%**	26%ǂ	44.3%ǂ

**Fall 2015 IPEDS cohort*
***Fall 2017 cohort*
**** Fall 2013 cohort, National Center for Education Statistics, IPEDS*
ǂ Fall 2015 cohort, National Center for Education Statistics, IPEDS

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Destination of ND High School Graduates

Fall 2018	Total first-time freshmen	Total first-time freshmen from ND	% of first-time freshmen from ND with total first-time freshmen	Number of ND first-time freshmen enrolling directly from high school	% of all ND high school graduates enrolling directly from high school Total = 6,981
BSC	**864**	**806**	**93.3%**	**649**	**9.3%**
NDSU	2275	796	35%	748	10.7%
UND	1835	677	36.9%	589	8.4%
NDSCS	608	335	55.1%	271	3.9%
MiSU	397	266	67%	220	3.2%
WSC	326	233	71.5%	171	2.4%
LRSC	205	161	78.5%	128	1.8%
VCSU	165	122	73.9%	116	1.7%
DSU	181	114	63%	89	1.3%
DCB	179	92	51.4%	69	1%
MaSU	139	76	54.7%	62	.9%

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4th week enrollment

	Fall 2016	Fall 2017	Fall 2018	17-18 Change	% Change
Enrollment					
PT headcount	1735	1689	1738	+49	+3%
FT headcount	2241	2067	2040	-27	-1%
Total	**3976**	**3756**	**3778**	**+22**	**+1%**
FTE	2855	2659	2645	-14	-1%
Total Credit Hours	**42,907**	**39,683**	**39,167**	**-516**	**-1%**

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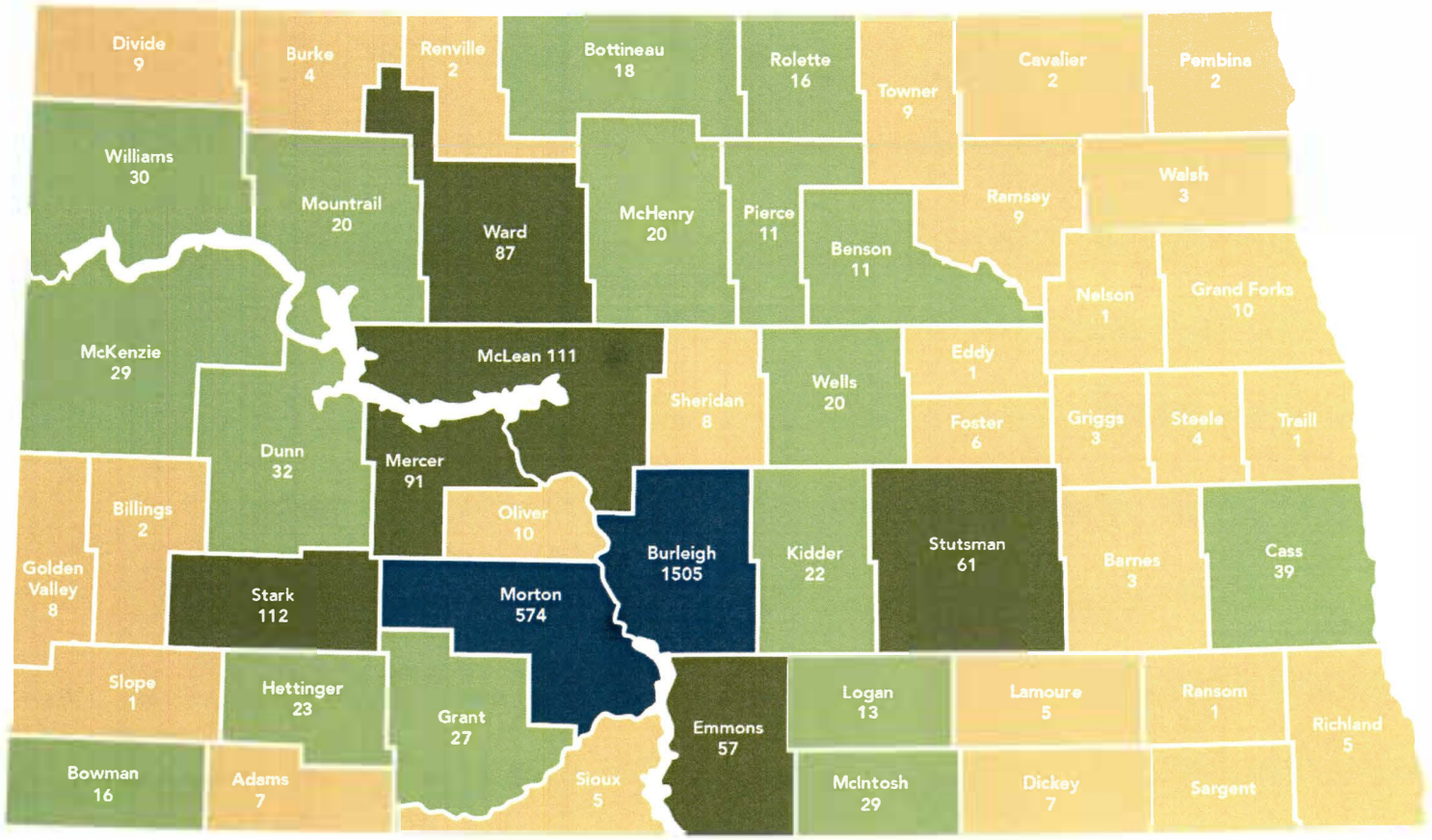
BSC student enrollment (ND)



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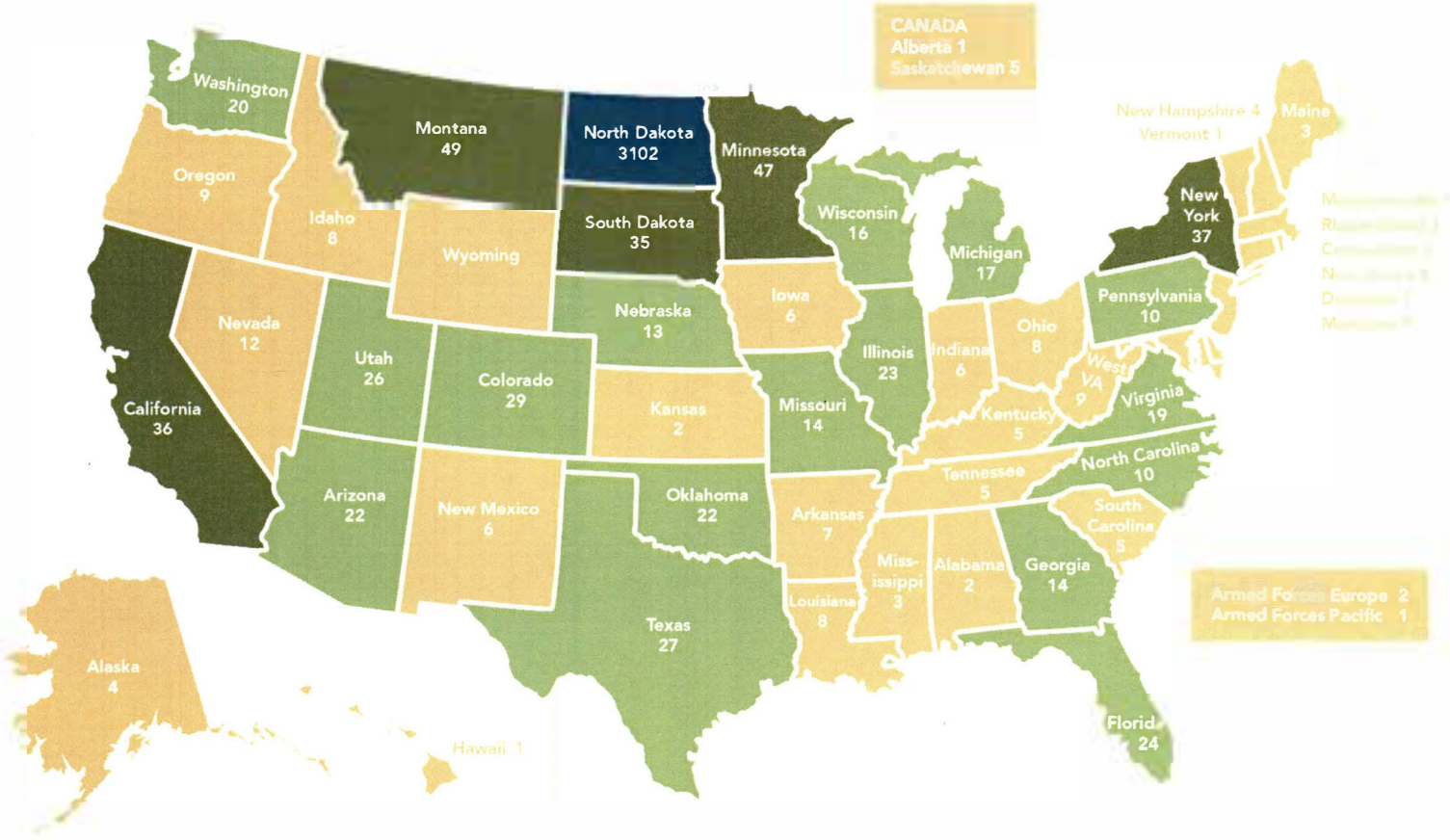
BSC student enrollment (U.S.)



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BSC's international footprint

- International non-credit training in Australia and New Zealand
- Recently selected to operate the National Power Academy in Dammam, Saudi Arabia





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Responsive and innovative

- Cybersecurity expansion
- National Power Academy
- Polytechnic transition

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BSC does more with less

- 3rd largest NDUS institution
- Less base funding per student than other campuses

BSC funding per student count compared to NDUS average

	Per FTE	Per headcount
BSC	$12,026	$8,347
NDUS average	$14,111	$11,172
Percent difference	-15%	-25%

2017-19 General Fund Appropriation and Fall 2017 and Spring 2018 NDUS enrollment reports

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Technical program placement rates

First Destination Reports 2017 and 2018

	Respondents	Average wage*	Wage range**	Employed in field	Employed overall
2018	658	$24.26/hour	Lowest: $12.50 (Technical Studies) Highest: $44.37 (Energy Management)	84%	100%
2017	574	$22.87/hour	Lowest: $9.33/hour (Technical Studies) Highest: $41.41/hour (Petroleum Production Technology)	93%	99%

**In 2017, 272 respondents (41%) provided wage information; in 2018, 294 respondents (51%) provided wage information.*
***In 2017, 41 program areas were represented; in 2018, 37 program areas were represented.*

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Providing students with options

Liberal Arts Transfer Programs

- 29% of BSC students
- Seamless transfer to NDUS institutions
- 50+ areas of study
- Several 4-year collaborative programs on campus

Career & Technical Programs

- 40% of BSC students
- Career ready in 2 years or less
- 45+ programs
- Online and on-campus

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Meeting needs of ND and employers

- Polytechnic pursuit
  - BSC already offers Energy Management and Cyber BAS degrees
    - SBHE approval for third in Geomatics (unfunded)
  - BAS creates pathways for technicians to move into managerial positions without having to start over in order to earn a bachelor degree.
  - BAS meets employer-identified need for increasingly skilled workers at technician level

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Meeting needs of ND and employers



Nursing

- Dakota Nursing Program
  - Consortium to share faculty
- BSC remote sites
  - Hazen
  - Harvey
  - Ashley
  - Garrison
  - Hettinger
- $100K USDA nursing grant
  - Roving simulation lab

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Collaborative facilities

- Bismarck Public Schools Career Academy and BSC Technical Center
  - Statewide model of collaboration
  - Annually expose thousands of students to technical programs they can pursue at BSC
- BSC Aquatic and Wellness Center
- MDU Resources Community Bowl

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Collaborative programs

- Bachelor degrees on campus
  - Approximately 30 DSU, MiSU and VCSU degrees on BSC campus
  - Articulation agreements with University of Mary
- Dakota Nursing Program
  - Consortium to share faculty
  - Partnered with WSC, LRSC and DCB

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Healthcare crisis

- Critical shortage of nurses and CNAs, surg techs, MLTs, EMTs, etc.
- BSC downtown health sciences facility lease up September 2019
- SBHE approved campaign to renovate campus facility
- $10.5M needed for renovation and expansion

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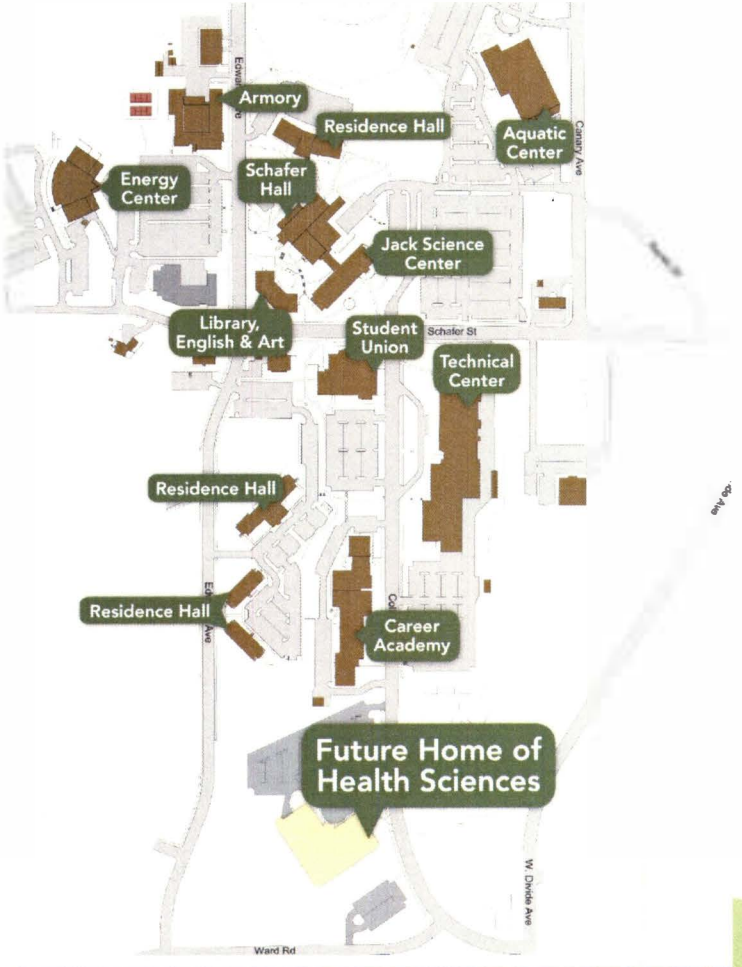
Health Sciences on campus



- Nursing
- Surgical Technology
- Paramedic/EMT
- Medical Lab Tech

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Health Sciences enrollments

BSC's health science programs	Fall 2018 declared majors	Current program capacity	Estimated growth potential*
Practical Nurse (LPN)	122	60	84+
Associate degree nurse (ADN/RN)**	96	60	84+
CNA	64	64	80
MLT	24	16	24
Paramedic/EMS	15	60	75
Surgical Tech	23	16	32
TOTAL	**344**	**276**	**379+**

**Limited to available clinical sites, number of faculty and facility size.*
***For each additional FT nursing faculty hired, 24 additional students can be added.*

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Health Science Cost Summary

Project Purchase and Renovation Cost	
Purchase price	$ 6,481,000
+ Renovation costs	$ 5,000,000
Total Purchase + Renovation	$ 11,481,000
- Donation	$ (1,000,000)
Net Project Cost	**$ 10,481,000**
Annual lease expense	**$ 400,000 per year**

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Summary

- Last two biennia were challenging
- Innovation and aggressive partnerships moved us forward
- Grateful for legislative support
- BSC has the right innovative model to drive workforce development in Bismarck-Mandan and western North Dakota

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David Clark, Executive Vice President

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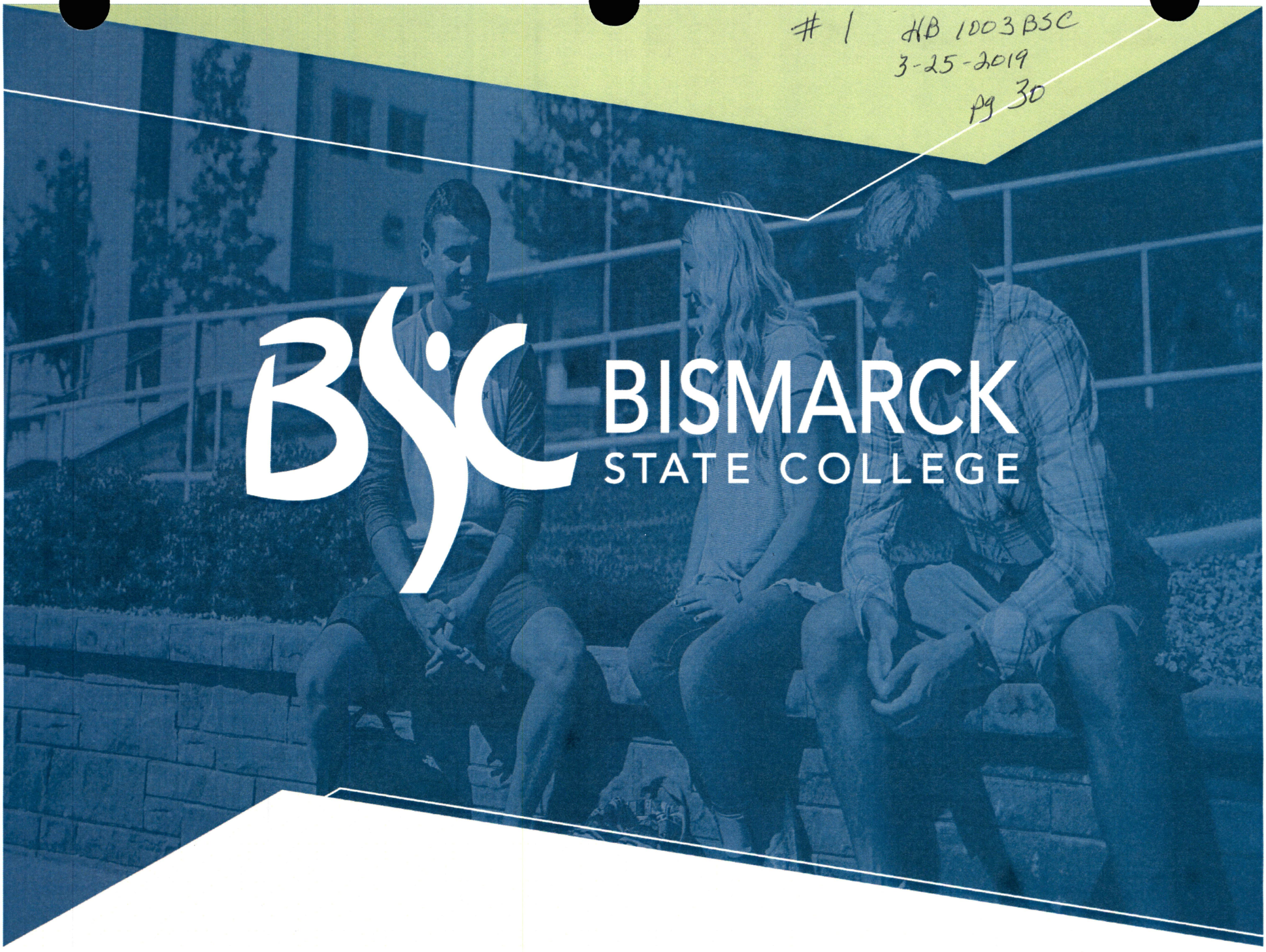

Senate Appropriations Committee
Engrossed 2019 HB1003

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System Office Appropriations

- **Academic and CTE Scholarships**– Add $2,939,803 from the general fund to award scholarships earned by students. Total appropriation would be $14,956,552.
- **System Governance** - Restore Director of Academic Programs at 1.00 FTE and $220,000 from the general fund.
- **System Governance** - Add Director of Workforce and Research Development at 1.00 FTE and $220,000 from the general fund.
- **Core Technology Services** – Add $539,437 from the general fund for Connect ND funded positions previously funded from the student loan trust fund.
- **System Governance** – Add $300,000 from the general fund to eliminate campus assessments for Compliance office and internal audit department expenses.
- **System Governance** – Add $600,000 from the general fund (one-time) to replace financial aid systems.

Systemwide & Institution Appropriations

- **Funding formula** - Add VCSU $1,502,330 to correct 2019-21 biennium (one-time or ongoing)
- **Funding formula** - Add $491,850 for WSC $491,850 to correct 2017-19 funding. (one-time)
- **Campus Workforce Initiative Pool** – Add $5.0 million to develop/modify academic & technical offerings to meet workforce needs. BSC Polytechnic model. DSU dual-mission model. Online programs. Workforce examples include nursing, digital agriculture, energy certificates, manufacturing & cybersecurity. (one-time)
- **Campus Research Initiative Pool** – Add $10.0 million for research into emerging technology and new fields such as UAS, counter UAS, digital agriculture, cybersecurity, data analytics & medical applications. (one-time) Merge into HB1333 and/or SB2249?
- **Digital Initiative** – $5.7 million (ongoing & 5.00 FTE)
    - Add $850,000 each for NDSU & UND to support existing high-speed, high-capacity research network state fund request to increase the Northern Tier high capacity data computing network that is critical to UND and NDSU for the success of their research activities.
    - Add $2.0 million each for NDSU & UND to support existing infrastructure & expand capacity to provide expert resources in advanced informatics, scientific computing and application development
- **IT Security** – Add $480,000 from the general fund 2.00 FTE Core Technology Services operational security positions for proactive identification and response to cybersecurity issues & threats
- **Law School appropriation line** – Create separate UND Law School appropriation line and transfer $8,673,059 general fund from UND to the new line.
- **Theodore Roosevelt Digitization Project**- Add $500,000 to DSU to provide a total of $750,000 appropriation
- **Accept special funds** increase requested by campuses in IBARS:
    - BSC $1,089,387
    - WSC $4,442,694
    - DCB $3,358,587
- **Digital Transformation** - Add $500,000 of general fund to purchase automation tools to assist campuses in adjusting to digitization demands. (one-time)
- **Campus Academic, Technology & Infrastructure Needs** – Add $11,000,000 general fund, ($1.0 million per campus) to address various academic, technology, non-capital infrastructure or other needs.
- **Common Enrollment Management System** – Add $300,000 general fund for enhanced common application including a robust applicant portal, improved mobile experience, field validation, logical field routing and institutional branding ($100,000 ongoing & $200,000 one-time)

- **Academic Pathways** – Add $300,000 general fund to provide a tool to develop academic pathways to direct student into required courses, improve timely degree completion, help identify cross-institution program sharing efficiencies. ($150,000 ongoing & $150,000 one-time)
- **College & Career Development Coordinators** – Add $1,300,000 general fund and 11 FTE (1.00 FTE at each institution) to coordinate with high schools and expand career/college counseling at the high school level. (ongoing)
- **Common Course Catalog** – Add $800,000 general fund and 1.5 FTE to develop and maintain systemwide general education program catalog to assist with transferability, cross-institution program/instructor sharing, and creation of online academic pathways. ($500,000 ongoing & $300,000 one-time)
- **Education /Workforce Development Dashboard** – Add $150,000 general fund for a searchable, mobile-friendly educational & workforce dashboard to identify high-demand job and related NDUS academic/technical programs. ($50,000 ongoing & $100,000 one-time)
- **eProcurement System** – Add $2,220,000 general fund and 1 FTE to implement an amazon-like marketplace tool for systemwide purchase of goods & services. Future realized cost savings may help offset upfront costs. ($1.72 million and 1.00 FTE ongoing & $500,000 one-time)

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Other Bill Sections

- **Section 23 - Tuition caps -** Remove tuition increase caps. Or, change the in-state rate increase & add differentiated tuition to exception list.
  - Need at least 1.5 - 3.1% per year to cover 2/2% compensation package
  - Need at least 1.6 - 3.3% per year to cover 2/3% compensation package
- **Minimum amount payable** – NDCC 15-18.2-06 Base funding – Minimum amount payable expires on June 30, 2019. Consider removing the sunset date or extending the date to June 30, 2021.
- **Sections 5, 6 & 7 - Facility Space and Maintenance Reserves** – Remove all three sections or amend to ensure facility space limitations do not inhibit intuitions' ability to respond to workforce & industry needs

Facilities & Capital Projects

- **Capital building fund** tier II (section 20) and tier III (Section 21):
  - Match requirements unlikely to be met for many institutions
  - 7 / 11 institutions unlikely to achieve extraordinary repair match in current biennium.
  - Requested Changes:
    - Eliminate or significantly reduce match requirements in sections 18, 20 & 21
    - Remove link to tuition increase. Allow institutions to determine tuition based on market, budget capacity
    - Clarify eligible uses for building types & eligible match language in session law
    - Consider combining Tier II & Tier III for simplicity of tracking/reporting
    - Add specific authority for capital projects on "the list"
- **Capital projects and bonding request:**
  - SBHE-Approved Projects
    - Add NDSCS $30 million Fargo Career Academy - donations
    - Add DCB $2.5 million Dining Facility – revenue bonds
    - Add UND $25 million Parking lot project – revenue bonds
    - Add UND $80 million deferred maintenance projects – ND Building Authority Bonds
  - Other Projects
    - Capital Building Fund (Tiers) LRSC $3,000,000 Precision Ag Center
    - BSC $10,500,000 Health Sciences Building
    - UND $20 million College of Business & Public Administration match – Bonding requested in SB2297.
- **Authorize UND to sell properties**:
  - Gallery Apartments property
  - 1225 Stanford Road property

House Appropriations Committee - Education and Environmental Division HB1003

	Tier I Extraordinary Repairs			Tier II Capital Building Fund				Tier III Capital Building Fund			
Institution	Base Funding Formula allocated to Extraordinary Repairs (General Funds)	2 for 1 Institution Match (Special Funds)	Tier I Appropriation & Required Match	Institution Match at 1 to 1 (Special Funds)	Tuition Funds (1%/1%)	$10M BND Funds	Tier II Totals	Capital Building Fund (GF-$4M & BND $5M)	2 for 1 Match	Tier III Totals	Totals
BSC	417,673	835,346	1,253,019	839,541	413,848	425,693	1,679,083	500,000	1,000,000	1,500,000	4,432,102
DCB	114,007	228,014	342,021	178,850	72,786	106,064	357,700	500,000	1,000,000	1,500,000	2,199,721
LRSC	155,367	310,734	466,101	314,138	136,763	177,375	628,276	500,000	1,000,000	1,500,000	2,594,377
NDSCS	1,012,379	2,024,758	3,037,137	768,991	268,296	500,695	1,537,982	500,000	1,000,000	1,500,000	6,075,119
WSC	197,801	395,602	593,403	217,906	79,959	137,947	435,812	500,000	1,000,000	1,500,000	2,529,215
DSU	409,078	818,156	1,227,234	478,821	209,959	268,862	957,641	500,000	1,000,000	1,500,000	3,684,875
MASU	358,992	717,984	1,076,976	416,916	176,887	240,029	833,833	500,000	1,000,000	1,500,000	3,410,809
MISU	899,620	1,799,240	2,698,860	1,021,414	448,613	572,801	2,042,828	500,000	1,000,000	1,500,000	6,241,688
VCSU	408,319	816,638	1,224,957	514,343	205,206	309,137	1,028,685	500,000	1,000,000	1,500,000	3,753,642
NDSU	2,732,244	5,464,488	8,196,732	6,200,906	3,301,310	2,899,596	12,401,811	2,250,000	4,500,000	6,750,000	27,348,543
UND	4,411,566	8,823,132	13,234,698	7,696,730	3,334,928	4,361,802	15,393,459	2,250,000	4,500,000	6,750,000	35,378,157
TOTAL	**11,117,046**	**22,234,092**	**33,351,138**	**18,648,555**	**8,648,555**	**10,000,000**	**37,297,110**	**9,000,000**	**18,000,000**	**27,000,000**	**97,648,248**

Institution Capital Funding Options		
State General Funds	State Funds	$30,117,046
North Dakota Building Authority Bonds - State of ND has $213 million of available bonding capacity.	1%/1% Tuition	8,648,555
Revenue bonds for housing, dining, student union and other facilities or projects.	Institution Match	58,882,647
Proposed Senate Bill 2297 - ND Building Authority Bonds of $151,700,000- NDSU- Dunbar Hall $51,200,000; VCSU Communications & Fine Arts Center $32,000,000; NDSU Agriculture products development center and NCI project $64,000,000; DSU Pulver Hall project $4,500,000.	Total	$97,648,248
Proposed Senate Bill 2275 -Establishes a essential infrastructure revolving loan fund. Institutions may borrow through Bank of North Dakota up to $25,000,000, maximum term is 30 years with an interest rate not to exceed 2% for Infrastructure projects(sewer & water lines, storm water infrastructure including curb and gutter construction and road infrastructure. $500,000,000 in bonding authority is available to finance the essential infrastructure revolving loan fund for up to 20 years.		
Private gifts and donations through institution foundations.		

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Senate Appropriations Committee

HB1003 Capital Funding Match Requirements

House Recommendation
Total Capital Fund = $97.6 million

Institution	Tier I Extraordinary Repairs **2:1 Match**	Tier II Capital Building Fund **1:1 Match**	Tier III Capital Building Fund **2:1 Match**	Total Matching Requirements
BSC	835,346	839,541	1,000,000	**2,674,887**
DCB	228,014	178,850	1,000,000	**1,406,864**
LRSC	310,734	314,138	1,000,000	**1,624,872**
NDSCS	2,024,758	768,991	1,000,000	**3,793,749**
WSC	395,602	217,906	1,000,000	**1,613,508**
DSU	818,156	478,821	1,000,000	**2,296,977**
MASU	717,984	416,916	1,000,000	**2,134,900**
MISU	1,799,240	1,021,414	1,000,000	**3,820,654**
VCSU	816,638	514,343	1,000,000	**2,330,981**
NDSU	5,464,488	6,200,906	4,500,000	**16,165,394**
UND	8,823,132	7,696,730	4,500,000	**21,019,862**
Total Match	**22,234,092**	**18,648,555**	**18,000,000**	**58,882,647**
Funding Source of State Contribution	$11.1 million existing Funding Formula Funds	$10 million BND Funds and $8.6 million tuition funds	Total $9 million: $4 million State General Fund & $5 million BND Funds	Total New State Funds = $19 million Tuition Revenue = $8.6 million Formula Funds =$11.1 million
Sources of Institution Matching Funds	Institution operations, tuition or other sources			

1. **Match requirements unlikely to be met for many institutions**
2. **7 / 11 institutions unlikely to achieve extraordinary repair match in current biennium.**
3. **Request: Eliminate or significantly reduce match requirement**
4. **Request: Remove link to tuition increase. Allow institutions to determine based on market, budget capacity**
5. **Request: Clarify eligible uses for building types & eligible match language in session law**
6. **Request: Combine Tier II & Tier III for simplicity of tracking/reporting**
7. **Request: Specific authority for capital projects on "the list"**

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Senate Appropriations Committee
HB1003 Capital Funding Match Requirements

Tier I / II / III 1:1 match - No Tuition Increase
Total Capital Fund = $60.2 million

Institution	Tier I Extraordinary Repairs 1:1 Match	Tier II Capital Building Fund 1:1 Match	Tier III Capital Building Fund 1:1 Match	Total Matching Requirements
BSC	417,673	425,693	500,000	1,343,366
DCB	114,007	106,064	500,000	720,071
LRSC	155,367	177,375	500,000	832,742
NDSCS	1,012,379	500,695	500,000	2,013,074
WSC	197,801	137,947	500,000	835,748
DSU	409,078	268,862	500,000	1,177,940
MASU	358,992	240,029	500,000	1,099,021
MISU	899,620	572,801	500,000	1,972,421
VCSU	408,319	309,137	500,000	1,217,456
NDSU	2,732,244	2,899,596	2,250,000	7,881,840
UND	4,411,566	4,361,802	2,250,000	11,023,368
Total Match	11,117,046	10,000,000	9,000,000	30,117,046
Funding Source of State Contribution	$11.1 million existing Funding Formula Funds	$10 million BND Funds	Total $9 million: $4 million State General Fund & $5 million BND Funds	Total New State Funds = $19 million Formula Funds = $11.1 Million
Sources of Institution Matching Funds	Institution operations, tuition or other sources			

1. **Match requirements unlikely to be met for many institutions**
2. **7 / 11 institutions unlikely to achieve extraordinary repair match in current biennium.**
3. **Request: Eliminate or significantly reduce match requirement**
4. **Request: Remove link to tuition increase. Allow institutions to determine based on market, budget capacity**
5. **Request: Clarify eligible uses for building types & eligible match language in session law**
6. **Request: Combine Tier II & Tier III for simplicity of tracking/reporting**
7. **Request: Specific authority for capital projects on "the list"**

2017-19 SB2003 Section 28

2017-19 Extraordinary Repairs and Match Requirement
Project Expenditures expected through June 30, 2019
As of January 31, 2019

	General Fund Base			Required Match			Total General Fund Base & Required Match		
Institution	Original Appropriation	Projects 7/1/17-6/30/19	Balance Unused	Original Required Match	Projects 7/1/17-6/30/19	Match Unmet	Original Appropriation & Required Match	Projects 7/1/17-6/30/19	Total Unused
BSC	$417,673	($225,278)	$192,395	$835,346	($450,556)	$384,790	$1,253,019	($675,834)	$577,185
LRSC	$155,367	($113,352)	$42,015	$310,734	($226,769)	$83,965	$466,101	($340,121)	$125,980
WSC	$197,801	$0	$197,801	$395,602	$0	$395,602	$593,403	$0	$593,403
UND	$4,411,566	($4,411,566)	$0	$8,823,132	($8,823,132)	$0	$13,234,698	($13,234,698)	$0
NDSU	$2,732,244	($2,732,244)	$0	$5,464,488	($5,464,488)	$0	$8,196,732	($8,196,732)	$0
NDSCS	$1,012,379	($430,900)	$581,479	$2,024,758	($861,800)	$1,162,958	$3,037,137	($1,292,700)	$1,744,437
DSU	$409,078	($409,078)	$0	$818,156	($818,156)	$0	$1,227,234	($1,227,234)	$0
MaSU	$358,992	($142,277)	$216,715	$717,984	($284,554)	$433,430	$1,076,976	($426,831)	$650,145
MiSU	$899,620	($899,620)	$0	$1,799,240	($1,799,240)	$0	$2,698,860	($2,698,860)	$0
VCSU	$408,319	($272,242)	$136,077	$816,638	($544,484)	$272,154	$1,224,957	($816,726)	$408,231
DCB	$114,007	($10,730)	$103,277	$228,014	($21,462)	$206,552	$342,021	($32,192)	$309,829
TOTAL	**$11,117,046**	**($9,647,287)**	**$1,469,759**	**$22,234,092**	**($19,294,640)**	**$2,939,452**	**$33,351,138**	**($28,941,928)**	**$4,409,210**

[1/] Sources of matched dollars include the following: general fund and other appropriated operating funds; reserves; local funds

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2018 NDUS Capital Project Worksheet

State General Fund (GF) Project Requests

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Legislative Status 3/25/2019

		SBHE Rank	Institution	Project Title	Cost	Funding Source
SB2297 - GF Bonding	$ 32,275,000	1	VCSU	Fine Arts Building	$ 32,275,887	GF
SB2297 - GF Bonding	$ 51,200,000	2	NDSU	Dunbar	51,350,000	GF
		3	VCSU	Life Safety Projects	2,529,323	GF
		4	BSC	Card Access System	500,000	GF
		5	MiSU	Dome Wellness Emergency Generators	1,130,335	GF
		6	MiSU	Student Center Emergency Generators	690,000	GF
		7	DCB	Nelson Science Center PH 2	1,177,758	GF
		8	DCB	Back-up Boiler	437,492	GF
		9	MaSU	Deferred Maintenance/Life Safety	400,000	GF
		10	NDSCS	Hektner Student Center Improvements	6,708,000	GF
				Total SBHE-Approved General Fund	**$ 97,198,795**	

General Fund Requests - Not SBHE Approved

		11	UND	Deferred Maintenance	45,000,000	GF
SB2297 - GF Bonding ($6m other fund match required)	$ 54,000,000	12	NDSU	Ag Products Development Center	54,000,000	GF
		13	BSC	Infrastructure Improvements	3,000,000	GF
		14	MiSU	Old Main Window Replacement	1,066,601	GF
		15	VCSU	Deferred Maintenance Projects	1,098,990	GF
		16	UND	STEM Building	109,500,000	GF
		17	UND	Merrifield Hall Renovation	35,000,000	GF
		18	NDSU	Engineering 2	32,150,000	GF
		19	MaSU	Old Main Phase 1	5,314,841	GF
		20	DSU	Selke Hall Repurpose	19,000,000	GF
		21	BSC	Cyber Security Tech Center Addition	3,000,000	GF
Under consideration for bonding in SB2297		22	LRSC	Dakota Precision Ag Center	3,879,030	GF
				Total General Fund	**$ 312,009,462**	

Unranked General Fund Requests - Added during session

SB2297 - GF Bonding	$ 4,500,000		DSU	Pulver Hall	4,500,000
Under consideration for bonding in SB2297 & requested HB1003 amendment	$ 10,500,000		BSC	Health Sciences Bldg.	10,500,000
Requested bonding amendment in SB2297	$ 20,000,000		UND	College of Business & Public Admin	20,000,000
				Total Additional General Fund	**$ 35,000,000**

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Non-General Fund Projects (Unranked)

		Institution	Project Title	Cost	Funding Source
Nowhere - requested amendment to HB1003		NDSCS	Fargo Expansion	30,000,000	Private Donations
SB2297 Match funds for bonding		NDSU	Ag Products Development Center	6,000,000	Private Donations
HB1003		NDSU	Barry Hall Renovation	3,000,000	Private Donations
HB1003		NDSU	Indoor Practice Facility	37,200,000	Private Donations
HB1003		NDSU	Softball Facility	2,000,000	Private Donations
HB1003		NDSU	University Village PH 2	37,600,000	Revenue Bonds
Under consideration for bonding in SB2297 and/or revenue bonds in HB1003	$ 2,500,000	DCB	Dining Facility	2,500,000	Revenue Bonds
HB1003		UND	Athletics High Performance Center	35,000,000	Donations &
HB1003		UND	Memorial Union	80,000,000	Revenue Bonds
Nowhere - requested amendment to HB1003		UND	Gallery Apts - Approval to sell		
Nowhere - requested amendment to HB1003		UND	1225 Stanford Road - Approval to sell		
			Total Non-General Fund	**$ 233,300,000**	

Unranked Non-General Fund Requests - Added during session

Requested amendment in HB1003	$ 25,000,000	UND	Parking Lot	25,000,000	Revenue Bonds
Requested amendment in HB1003	$ 80,000,000	UND	Deferred Maintenance - Merrifield Hall $35 million; Twamley Hall $15 million; Campus Core Bldg. Envelope $30 million	80,000,000	Bonds - repaid with operational funds
			Total Additional Non-General Fund	**$ 105,000,000**	

NDUS Grand Total	**$ 782,508,257**

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Senate Appropriations Committee
Engrossed 2019 HB1003

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System Office Appropriations

- **Academic and CTE Scholarships–** Add $2,939,803 from the general fund to award scholarships earned by students. Total appropriation would be $14,956,552.
- **System Governance** - Restore Director of Academic Programs at 1.00 FTE and $220,000 from the general fund.
- **System Governance** - Add Director of Workforce and Research Development at 1.00 FTE and $220,000 from the general fund.
- **Core Technology Services –** Add $539,437 from the general fund for Connect ND funded positions previously funded from the student loan trust fund.
- **System Governance –** Add $300,000 from the general fund to eliminate campus assessments for Compliance office and internal audit department expenses.
- **System Governance –** Add $600,000 from the general fund (one-time) to replace financial aid systems.

Systemwide & Institution Appropriations

- **Funding formula** - Add VCSU $1,502,330 to correct 2019-21 biennium (one-time or ongoing)
- **Funding formula** - Add $491,850 for WSC $491,850 to correct 2017-19 funding. (one-time)
- **Campus Workforce Initiative Pool –** Add $5.0 million to develop/modify academic & technical offerings to meet workforce needs. BSC Polytechnic model. DSU dual-mission model. Online programs. Workforce examples include nursing, digital agriculture, energy certificates, manufacturing & cybersecurity. (one-time)
- **Campus Research Initiative Pool –** Add $10.0 million for research into emerging technology and new fields such as UAS, counter UAS, digital agriculture, cybersecurity, data analytics & medical applications. (one-time) Merge into HB1333 and/or SB2249?
- **Digital Initiative –** $5.7 million (ongoing & 5.00 FTE)
    - Add $850,000 each for NDSU & UND to support existing high-speed, high-capacity research network state fund request to increase the Northern Tier high capacity data computing network that is critical to UND and NDSU for the success of their research activities.
    - Add $2.0 million each for NDSU & UND to support existing infrastructure & expand capacity to provide expert resources in advanced informatics, scientific computing and application development
- **IT Security –** Add $480,000 from the general fund 2.00 FTE Core Technology Services operational security positions for proactive identification and response to cybersecurity issues & threats
- **Law School appropriation line –** Create separate UND Law School appropriation line and transfer $8,673,059 general fund from UND to the new line.
- **Theodore Roosevelt Digitization Project**- Add $500,000 to DSU to provide a total of $750,000 appropriation
- **Accept special funds** increase requested by campuses in IBARS:
    - BSC $1,089,387
    - WSC $4,442,694
    - DCB $3,358,587
- **Digital Transformation** - Add $500,000 of general fund to purchase automation tools to assist campuses in adjusting to digitization demands. (one-time)
- **Campus Academic, Technology & Infrastructure Needs –** Add $11,000,000 general fund, ($1.0 million per campus) to address various academic, technology, non-capital infrastructure or other needs.
- **Common Enrollment Management System –** Add $300,000 general fund for enhanced common application including a robust applicant portal, improved mobile experience, field validation, logical field routing and institutional branding ($100,000 ongoing & $200,000 one-time)

- **Academic Pathways** – Add $300,000 general fund to provide a tool to develop academic pathways to direct student into required courses, improve timely degree completion, help identify cross-institution program sharing efficiencies. ($150,000 ongoing & $150,000 one-time)
- **College & Career Development Coordinators** – Add $1,300,000 general fund and 11 FTE (1.00 FTE at each institution) to coordinate with high schools and expand career/college counseling at the high school level. (ongoing)
- **Common Course Catalog** – Add $800,000 general fund and 1.5 FTE to develop and maintain systemwide general education program catalog to assist with transferability, cross-institution program/instructor sharing, and creation of online academic pathways. ($500,000 ongoing & $300,000 one-time)
- **Education /Workforce Development Dashboard** – Add $150,000 general fund for a searchable, mobile-friendly educational & workforce dashboard to identify high-demand job and related NDUS academic/technical programs. ($50,000 ongoing & $100,000 one-time)
- **eProcurement System** – Add $2,220,000 general fund and 1 FTE to implement an amazon-like marketplace tool for systemwide purchase of goods & services. Future realized cost savings may help offset upfront costs. ($1.72 million and 1.00 FTE ongoing & $500,000 one-time)

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Other Bill Sections

- **Section 23 - Tuition caps -** Remove tuition increase caps. Or, change the in-state rate increase & add differentiated tuition to exception list.
  - Need at least 1.5 - 3.1% per year to cover 2/2% compensation package
  - Need at least 1.6 - 3.3% per year to cover 2/3% compensation package
- **Minimum amount payable** – NDCC 15-18.2-06 Base funding – Minimum amount payable expires on June 30, 2019. Consider removing the sunset date or extending the date to June 30, 2021.
- **Sections 5, 6 & 7 - Facility Space and Maintenance Reserves** – Remove all three sections or amend to ensure facility space limitations do not inhibit intuitions' ability to respond to workforce & industry needs

Facilities & Capital Projects

- **Capital building fund** tier II (section 20) and tier III (Section 21):
  - Match requirements unlikely to be met for many institutions
  - 7 / 11 institutions unlikely to achieve extraordinary repair match in current biennium.
  - Requested Changes:
    - Eliminate or significantly reduce match requirements in sections 18, 20 & 21
    - Remove link to tuition increase. Allow institutions to determine tuition based on market, budget capacity
    - Clarify eligible uses for building types & eligible match language in session law
    - Consider combining Tier II & Tier III for simplicity of tracking/reporting
    - Add specific authority for capital projects on "the list"
- **Capital projects and bonding request:**
  - SBHE-Approved Projects
    - Add NDSCS $30 million Fargo Career Academy - donations
    - Add DCB $2.5 million Dining Facility – revenue bonds
    - Add UND $25 million Parking lot project – revenue bonds
    - Add UND $80 million deferred maintenance projects – ND Building Authority Bonds
  - Other Projects
    - Capital Building Fund (Tiers) LRSC $3,000,000 Precision Ag Center
    - BSC $10,500,000 Health Sciences Building
    - UND $20 million College of Business & Public Administration match – Bonding requested in SB2297.
- **Authorize UND to sell properties**:
  - Gallery Apartments property
  - 1225 Stanford Road property

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University System Office - Budget No. 215
House Bill No. 1003
Base Level Funding Changes

	House Version				Senate Version				Senate Changes to House Version			
									Increase (Decrease) - House Version			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2019-21 Biennium Base Level	149.40	$101,639,530	$26,412,106	$128,051,636	149.40	$101,639,530	$26,412,106	$128,051,636	0.00	$0	$0	$0
2019-21 Ongoing Funding Changes												
Base payroll changes	(0.50)	$776	($226,876)	($226,100)	(0.50)	$776	($226,876)	($226,100)				$0
Salary increase		579,158	270,444	849,602		634,861	309,934	944,795		$55,703	$39,490	95,193
Health insurance increase		410,894	218,258	629,152		410,894	218,258	629,152				0
Increase funding for academic and career and technical education scholarships				0				0				0
Increase funding for student financial assistance grants		2,000,000		2,000,000		2,000,000		2,000,000				0
Replace ongoing funding from the student loan trust fund for PSEP, tribal college grants, and ConnectND		865,307	(1,504,744)	(639,437)		865,307	(1,504,744)	(639,437)				0
Restore funding for MHEC		230,000		230,000		230,000		230,000				0
Increase funding for tribal college grants				0				0				0
Remove funding for the dual credit instructor assistance program			(200,000)	(200,000)			(200,000)	(200,000)				0
Remove funding for Title II			(1,006,472)	(1,006,472)			(1,006,472)	(1,006,472)				0
Transfer the teacher shortage loan forgiveness program to DPI		(2,103,393)		(2,103,393)		(2,103,393)		(2,103,393)				0
Reduce funding for capital bond payments		(1,645,878)		(1,645,878)		(1,645,878)		(1,645,878)				0
Total ongoing funding changes	(0.50)	$336,864	($2,449,390)	($2,112,526)	(0.50)	$392,567	($2,409,900)	($2,017,333)	0.00	$55,703	$39,490	$95,193
One-time funding items												
Add funding for higher education challenge matching grants		$2,200,000		$2,200,000		$10,000,000		$10,000,000		$7,800,000		$7,800,000
Add funding for Tier III capital building fund pool		4,000,000	$5,000,000	9,000,000		4,000,000	$5,000,000	9,000,000				0
Add funding for research digital initiative				0			5,000,000	5,000,000			$5,000,000	5,000,000
Total one-time funding changes	0.00	$6,200,000	$5,000,000	$11,200,000	0.00	$14,000,000	$10,000,000	$24,000,000	0.00	$7,800,000	$5,000,000	$12,800,000
Total Changes to Base Level Funding	(0.50)	$6,536,864	$2,550,610	$9,087,474	(0.50)	$14,392,567	$7,590,100	$21,982,667	0.00	$7,855,703	$5,039,490	$12,895,193
2019-21 Total Funding	148.90	$108,176,394	$28,962,716	$137,139,110	148.90	$116,032,097	$34,002,206	$150,034,303	0 00	$7,855,703	$5,039,490	$12,895,193

Other Sections for University System Office - Budget No. 215

	House Version	Senate Version
Midwestern Higher Education Compact	Section 3 restores the Midwestern Higher Education Compact to North Dakota Century Code Title 15.	
Higher education challenge grants	Section 4 adjusts the higher education challenge grant program to restore program eligibility to Dickinson State University.	
Capital project authorization	Sections 5, 6, and 7 create new subsections to Section 15-10-63 relating to capital project authorization.	The Senate did not include these sections.
Higher education funding formula	Sections 8 and 9 adjust the higher education funding formula established in Chapter 15-18.2, including adjusting the credit weighting for medical school credits and adjusting the base credit-hour funding rates.	
Student financial assistance grants	Section 10 increases the maximum annual award under the student financial assistance grant program from $1,950 to $2,200.	
Carryover authority	Section 11 continues the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.	
Dual credit instructor assistance	Section 12 repeals Section 15-10-61, relating to dual-credit instructor assistance.	
Additional funds appropriation authority	Section 13 appropriates any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.	
Project management oversight	Section 14 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.	
UND School of Medicine and Health Sciences funding	Section 15 provides that a portion of the operations funding appropriated to UND may be transferred to the UND School of Medicine and Health Sciences based on the recommendation of the Commissioner of Higher Education.	
Transfer authority	Section 16 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital projects or extraordinary repairs.	
FTE positions	Section 17 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.	

Other Sections for University System Office - Budget No. 215

	House Version	Senate Version
Extraordinary repairs matching funds	Section 18 requires institutions to match state extraordinary repairs funding on a $2 to $1 basis using operations or other funding.	
Bond issue authorization	Section 19 authorizes the State Board of Higher Education to arrange for $117,600,000 of revenue bonds for the Memorial Union project at UND ($80,000,000) and University Village Phase 2 at North Dakota State University ($37,600,000). Section 24 provides that this section is an emergency measure.	
Capital building funds	Sections 20, 21, and 22, provide for institution capital building funds.	
Tuition rate increase limitation	Section 23 limits resident undergraduate tuition rate increases to 3 percent per year. The section allows institutions to increase tuition by an additional 1 percent per year if the institution has provided matching funds for the 1 percent increase, to be deposited in the institution's capital building fund.	
Emergency	Section 24 provides a emergency declaration for capital project related items.	
Williston State College - 2017-19 biennium appropriation		Section __ provides for a 2017-19 biennium general fund appropriation of $491,850 to Williston State College to correct for a funding formula calculation error.

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North Dakota University System Institutuions
House Bill No. 1003
Base Level Funding Changes

	House Version				Senate Version				Senate Changes to House Version Increase (Decrease) - House Version			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2019-21 Biennium Base Level	6,591.36	$507,176,197	$1,829,598,421	$2,336,774,618	6,591.36	$507,176,197	$1,829,598,421	$2,336,774,618	0.00	$0	$0	$0
2019-21 Ongoing Funding Changes												
Base payroll changes	(157.39)		($13,811,230)	($13,811,230)	(157.39)		($13,811,230)	($13,811,230)				$0
Salary increase		$9,108,175	17,890,120	26,998,295		$9,108,175	17,890,120	26,998,295				0
Health insurance increase		9,313,597	18,608,530	27,922,127		9,313,597	18,608,530	27,922,127				0
Student credit-hour completion adjustment		4,439,819		4,439,819		5,665,562		5,665,562		$1,225,743		1,225,743
Hold-harmless provision		710,879		710,879		710,879		710,879				0
UND SMHS residency program		4,507,252		4,507,252		4,507,252		4,507,252				0
Adjust special funds authority				0			8,890,668	8,890,668			$8,890,668	8,890,668
UND School of Law funding increase				0		2,250,000		2,250,000		2,250,000		2,250,000
Total ongoing funding changes	(157.39)	$28,079,722	$22,687,420	$50,767,142	(157.39)	$31,555,465	$31,578,088	$63,133,553	0.00	$3,475,743	$8,890,668	$12,366,411
One-time funding items												
UND Athletics High Performance Center Phase II			$35,000,000	$35,000,000			$35,000,000	$35,000,000				$0
UND Memorial Union			80,000,000	80,000,000			80,000,000	80,000,000				0
NDSU Barry Hall			3,000,000	3,000,000			3,000,000	3,000,000				0
NDSU indoor practice facility			37,200,000	37,200,000			37,200,000	37,200,000				0
NDSU softball indoor facility			2,000,000	2,000,000			2,000,000	2,000,000				0
NDSU University Village Phase II			37,600,000	37,600,000			37,600,000	37,600,000				0
NDSU Dunbar Hall				0				0				0
NDSCS Workforce Career Academy				0				0				0
VCSU Communication and Fine Arts Building				0				0				0
DCB Dining Facility				0				0				0
LRSC Precision Agriculture Center			3,000,000	3,000,000			3,000,000	3,000,000				0
DSU Theodore Roosevelt digitization		$250,000		250,000		$750,000		750,000		$500,000		500,000
Tier II Capital building fund			37,297,110	37,297,110			37,297,110	37,297,110				0
BSC Health Sciences Facility				0				0				0
Total one-time funding changes	0.00	$250,000	$235,097,110	$235,347,110	0.00	$750,000	$235,097,110	$235,847,110	0.00	$500,000	$0	$500,000
Total Changes to Base Level Funding	(157.39)	$28,329,722	$257,784,530	$286,114,252	(157.39)	$32,305,465	$266,675,198	$298,980,663	0.00	$3,975,743	$8,890,668	$12,866,411
2019-21 Total Funding	6,433.97	$535,505,919	$2,087,382,951	$2,622,888,870	6,433.97	$539,481,662	$2,096,273,619	$2,635,755,281	0.00	$3,975,743	$8,890,668	$12,866,411

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Forest Service - Budget No. 244
House Bill No. 1003
Base Level Funding Changes

	House Version				Senate Version				Senate Changes to House Version Increase (Decrease) - House Version			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2019-21 Biennium Base Level	27.00	$4,426,427	$10,650,748	$15,077,175	27.00	$4,426,427	$10,650,748	$15,077,175	0.00	$0	$0	$0
2019-21 Ongoing Funding Changes												
Base payroll changes			$14,652	$14,652			$14,652	$14,652				$0
Salary increase		$94,921		94,921		$129,761		129,761		$34,840		34,840
Health insurance increase		120,476		120,476		120,476		120,476				0
Total ongoing funding changes	0.00	$215,397	$14,652	$230,049	0.00	$250,237	$14,652	$264,889	0.00	$34,840	$0	$34,840
One-time funding items												
No one-time funding items				$0				$0				$0
Total one-time funding changes	0.00	$0	$0	$0	0.00	$0	$0	$0	0.00	$0	$0	$0
Total Changes to Base Level Funding	0.00	$215,397	$14,652	$230,049	0.00	$250,237	$14,652	$264,889	0.00	$34,840	$0	$34,840
2019-21 Total Funding	27.00	$4,641,824	$10,665,400	$15,307,224	27.00	$4,676,664	$10,665,400	$15,342,064	0.00	$34,840	$0	$34,840

Other Sections in Forest Service - Budget No. 244

	House Version	Senate Version
Carryover authority	Section 11 continues the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.	
Additional funds appropriation authority	Section 13 appropriates any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.	
Transfer authority	Section 16 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital projects or extraordinary repairs.	
FTE positions	Section 17 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.	

Senate Appropriations Committee
Engrossed 2019 HB1003

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System Office Appropriations

- **Academic and CTE Scholarships**– Add $2,939,803 from the general fund to award scholarships earned by students. Total appropriation would be $14,956,552.
- **System Governance** - Restore Director of Academic Programs at 1.00 FTE and $220,000 from the general fund.
- **System Governance** - Add Director of Workforce and Research Development at 1.00 FTE and $220,000 from the general fund.
- **Core Technology Services** – Add $539,437 from the general fund for Connect ND funded positions previously funded from the student loan trust fund.
- **System Governance** – Add $300,000 from the general fund to eliminate campus assessments for Compliance office and internal audit department expenses.
- **System Governance** – Add $600,000 from the general fund (one-time) to replace financial aid systems.

Systemwide & Institution Appropriations

- **Funding formula** - Add VCSU $1,502,330 to correct 2019-21 biennium (one-time or ongoing)
- **Funding formula** - Add $491,850 for WSC $491,850 to correct 2017-19 funding. (one-time)
- **Campus Workforce Initiative Pool** – Add $5.0 million to develop/modify academic & technical offerings to meet workforce needs. BSC Polytechnic model. DSU dual-mission model. Online programs. Workforce examples include nursing, digital agriculture, energy certificates, manufacturing & cybersecurity. (one-time)
- **Campus Research Initiative Pool** – Add $10.0 million for research into emerging technology and new fields such as UAS, counter UAS, digital agriculture, cybersecurity, data analytics & medical applications. (one-time) Merge into HB1333 and/or SB2249?
- **Digital Initiative** – $5.7 million (ongoing & 5.00 FTE)
    - Add $850,000 each for NDSU & UND to support existing high-speed, high-capacity research network state fund request to increase the Northern Tier high capacity data computing network that is critical to UND and NDSU for the success of their research activities.
    - Add $2.0 million each for NDSU & UND to support existing infrastructure & expand capacity to provide expert resources in advanced informatics, scientific computing and application development
- **IT Security** – Add $480,000 from the general fund 2.00 FTE Core Technology Services operational security positions for proactive identification and response to cybersecurity issues & threats
- **Law School appropriation line** – Create separate UND Law School appropriation line and transfer $8,673,059 general fund from UND to the new line.
- **Theodore Roosevelt Digitization Project**- Add $500,000 to DSU to provide a total of $750,000 appropriation
- **Accept special funds** increase requested by campuses in IBARS:
    - BSC $1,089,387
    - WSC $4,442,694
    - DCB $3,358,587
- **Digital Transformation** - Add $500,000 of general fund to purchase automation tools to assist campuses in adjusting to digitization demands. (one-time)
- **Campus Academic, Technology & Infrastructure Needs** – Add $11,000,000 general fund, ($1.0 million per campus) to address various academic, technology, non-capital infrastructure or other needs.
- **Common Enrollment Management System** – Add $300,000 general fund for enhanced common application including a robust applicant portal, improved mobile experience, field validation, logical field routing and institutional branding ($100,000 ongoing & $200,000 one-time)

- **Academic Pathways** – Add $300,000 general fund to provide a tool to develop academic pathways to direct student into required courses, improve timely degree completion, help identify cross-institution program sharing efficiencies. ($150,000 ongoing & $150,000 one-time)
- **College & Career Development Coordinators** – Add $1,300,000 general fund and 11 FTE (1.00 FTE at each institution) to coordinate with high schools and expand career/college counseling at the high school level. (ongoing)
- **Common Course Catalog** – Add $800,000 general fund and 1.5 FTE to develop and maintain systemwide general education program catalog to assist with transferability, cross-institution program/instructor sharing, and creation of online academic pathways. ($500,000 ongoing & $300,000 one-time)
- **Education /Workforce Development Dashboard** – Add $150,000 general fund for a searchable, mobile-friendly educational & workforce dashboard to identify high-demand job and related NDUS academic/technical programs. ($50,000 ongoing & $100,000 one-time)
- **eProcurement System** – Add $2,220,000 general fund and 1 FTE to implement an amazon-like marketplace tool for systemwide purchase of goods & services. Future realized cost savings may help offset upfront costs. ($1.72 million and 1.00 FTE ongoing & $500,000 one-time)

Other Bill Sections

- **Section 23 - Tuition caps** - Remove tuition increase caps. Or, change the in-state rate increase & add differentiated tuition to exception list.
  - Need at least 1.5 - 3.1% per year to cover 2/2% compensation package
  - Need at least 1.6 - 3.3% per year to cover 2/3% compensation package
- **Minimum amount payable** – NDCC 15-18.2-06 Base funding – Minimum amount payable expires on June 30, 2019. Consider removing the sunset date or extending the date to June 30, 2021.
- **Sections 5, 6 & 7 - Facility Space and Maintenance Reserves** – Remove all three sections or amend to ensure facility space limitations do not inhibit intuitions' ability to respond to workforce & industry needs

Facilities & Capital Projects

- **Capital building fund** tier II (section 20) and tier III (Section 21):
  - Match requirements unlikely to be met for many institutions
  - 7 / 11 institutions unlikely to achieve extraordinary repair match in current biennium.
  - Requested Changes:
    - Eliminate or significantly reduce match requirements in sections 18, 20 & 21
    - Remove link to tuition increase. Allow institutions to determine tuition based on market, budget capacity
    - Clarify eligible uses for building types & eligible match language in session law
    - Consider combining Tier II & Tier III for simplicity of tracking/reporting
    - Add specific authority for capital projects on "the list"
- **Capital projects and bonding request:**
  - SBHE-Approved Projects
    - Add NDSCS $30 million Fargo Career Academy - donations
    - Add DCB $2.5 million Dining Facility – revenue bonds
    - Add UND $25 million Parking lot project – revenue bonds
    - Add UND $80 million deferred maintenance projects – ND Building Authority Bonds
  - Other Projects
    - Capital Building Fund (Tiers) LRSC $3,000,000 Precision Ag Center
    - BSC $10,500,000 Health Sciences Building
    - UND $20 million College of Business & Public Administration match – Bonding requested in SB2297.
- **Authorize UND to sell properties:**
  - Gallery Apartments property
  - 1225 Stanford Road property

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North Dakota University System Institutuions
House Bill No. 1003
Base Level Funding Changes

	House Version				Senate Version				Senate Changes to House Version Increase (Decrease) - House Version			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2019-21 Biennium Base Level	6,591.36	$507,176,197	$1,829,598,421	$2,336,774,618	6,591.36	$507,176,197	$1,829,598,421	$2,336,774,618	0.00	$0	$0	$0
2019-21 Ongoing Funding Changes												
Base payroll changes	(157.39)		($13,811,230)	($13,811,230)	(157.39)		($13,811,230)	($13,811,230)				$0
Salary increase		$9,108,175	17,890,120	26,998,295		$11,258,053	22,907,119	34,165,172		$2,149,878	$5,016,999	7,166,877
Health insurance increase		9,313,597	18,608,530	27,922,127		9,313,597	18,608,530	27,922,127				0
Student credit-hour completion adjustment		4,439,819		4,439,819		5,665,562		5,665,562		1,225,743		1,225,743
Hold-harmless provision		710,879		710,879		710,879		710,879				0
UND SMHS residency program		4,507,252		4,507,252		4,507,252		4,507,252				0
Adjust special funds authority				0			8,890,668	8,890,668			8,890,668	8,890,668
UND School of Law funding increase				0		2,234,682		2,234,682		2,234,682		2,234,682
Total ongoing funding changes	(157.39)	$28,079,722	$22,687,420	$50,767,142	(157.39)	$33,690,025	$36,595,087	$70,285,112	0.00	$5,610,303	$13,907,667	$19,517,970
One-time funding items												
UND Athletics High Performance Center Phase II			$35,000,000	$35,000,000			$35,000,000	$35,000,000				$0
UND Memorial Union			80,000,000	80,000,000			80,000,000	80,000,000				0
UND parking lot				0			25,000,000	25,000,000			$25,000,000	25,000,000
NDSU Barry Hall			3,000,000	3,000,000			3,000,000	3,000,000				0
NDSU indoor practice facility			37,200,000	37,200,000			37,200,000	37,200,000				0
NDSU softball indoor facility			2,000,000	2,000,000			2,000,000	2,000,000				0
NDSU University Village Phase II			37,600,000	37,600,000			37,600,000	37,600,000				0
NDSCS Workforce Career Academy				0			30,000,000	30,000,000			30,000,000	30,000,000
LRSC Precision Agriculture Center			3,000,000	3,000,000			3,000,000	3,000,000				0
DSU Theodore Roosevelt digitization		$250,000		250,000		$750,000		750,000		$500,000		500,000
Tier II Capital building fund			37,297,110	37,297,110			20,000,000	20,000,000			(17,297,110)	(17,297,110)
Total one-time funding changes	0.00	$250,000	$235,097,110	$235,347,110	0.00	$750,000	$272,800,000	$273,550,000	0.00	$500,000	$37,702,890	$38,202,890
Total Changes to Base Level Funding	(157.39)	$28,329,722	$257,784,530	$286,114,252	(157.39)	$34,440,025	$309,395,087	$343,835,112	0.00	$6,110,303	$51,610,557	$57,720,860
2019-21 Total Funding	6,433.97	$535,505,919	$2,087,382,951	$2,622,888,870	6,433.97	$541,616,222	$2,138,993,508	$2,680,609,730	0.00	$6,110,303	$51,610,557	$57,720,860

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19.0191.02001
Title.

Prepared by the Legislative Council staff for
Senator Bekkedahl
March 7, 2019

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1003

Page 1, line 2, after "15" insert ", section 15-18.2-04.1,"

Page 1, line 4, after "compact" insert ", a cost of living factor for state aid to institutions,"

Page 18, after line 9, insert:

"**SECTION 9.** Section 15-18.2-04.1 of the North Dakota Century Code is created and enacted as follows:

15-18.2-04.1. Cost of living factor - Determination.

For each institution under its control, the state board of higher education shall multiply the product determined under section 15-18.2-04 by a cost of living factor of:

1. 1.0 if the institution is located in a county with a median household income, when divided by the North Dakota average household income results in a quotient of less than 1.35; or

2. 1.1 if the institution is located in a county with a median household income, when divided by the North Dakota average household income results in a quotient of 1.35 or more."

Page 18, line 15, overstrike "15-18.2-04" and insert immediately thereafter "15-18.2-04.1"

Page 26, line 19, replace "14, 16, 18, 19, 20, 21, and 22" with "15, 17, 19, 20, 21, 22, and 23"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment adds a cost of living factor to the higher education funding formula. If applied for 2019-21 biennium state aid to institutions, using the salary and health insurance increases approved by the House, this factor would increase the general fund appropriation for Williston State College by $1,001,173, from $10,011,730 to $11,012,903.

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4-5-19
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19.0190.02003
Title.

Prepared by the Legislative Council staff for
Senator Mathern
March 29, 2019

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1002

Page 1, line 1, after the semicolon insert "to provide an appropriation to the state board of higher education; to create and enact section 15-10-48.1 of the North Dakota Century Code, relating to matching grants for the university of North Dakota school of law;"

Page 1, line 2, after "sections" insert "15-10-50,"

Page 1, line 4, after "to" insert "matching grants for institutions under the control of the state board of higher education,"

Page 1, line 5, remove the second "and"

Page 1, line 5, after "transfer" insert "; to provide an exemption; and to declare an emergency"

Page 3, after line 10, insert:

"**SECTION 3. APPROPRIATION - 2017-19 BIENNIUM - STATE BOARD OF HIGHER EDUCATION - EXEMPTION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $1,000,000, or so much of the sum as may be necessary, to the state board of higher education for the purpose of providing matching grants for indigent legal services and for the recruitment and retention of faculty at the university of North Dakota school of law, for the period beginning with the effective date of this Act, and ending June 30, 2019. The appropriation in this section is not subject to section 54-44.1-11 and any unexpended funds from the appropriation may be used to complete these projects during the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 4. Section 15-10-48.1 of the North Dakota Century Code is created and enacted as follows:

Clinical legal education, Including i~~I~~ndigent legal services, and faculty recruitment and retention - Matching grants - University of North Dakota school of law.

1. a. Subject to legislative appropriations, each biennium the state board of higher education shall award one dollar in matching grants for every two dollars raised by the institutional foundation of the university of North Dakota for projects dedicated exclusively to clinical legal education, including indigent legal services, or the recruitment and retention of faculty at the school of law.

   b. To be eligible for a matching grant, the institution must demonstrate that:

      (1) Its foundation has raised at least fifty thousand dollars in cash or monetary pledges for a qualifying project; and

      (2) The project has been approved by the grant review committee established in section 15-10-51.

   c. The board may award up to one million dollars in matching grants under this section.

d. If the remaining dollars are insufficient to provide a matching grant in the amount of one dollar for every two dollars raised by the institutional foundation, the board shall award a lesser amount.

2. The state board of higher education shall retain up to one-quarter of one percent of any grant awarded under this section to assist with the administrative expenses incurred in the grant review process.

SECTION 5. AMENDMENT. Section 15-10-50 of the North Dakota Century Code is amended and reenacted as follows:

15-10-50. Liability for pledged amount.

If in accordance with section 15-10-48, 15-10-48.1, or 15-10-49, the state board of higher education provides grant funds to an institution, on the basis of a monetary pledge, and if the amount forthcoming is less than the amount pledged, the institutional foundation is liable to the institution for any shortfall."

Page 7, after line 17, insert:

"**SECTION 19. EMERGENCY.** Sections 3, 4, and 5 of this Act are declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment provides a 2017-19 biennium appropriation of $1 million from the general fund to the State Board of Higher Education to provide matching grants for clinical legal education, including indigent legal services, and for the recruitment and retention of faculty at the University of North Dakota School of Law. The amendment also creates and amends North Dakota Century Code to provide for the School of Law matching grant program.

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SECTION 23. TUITION RATE INCREASE LIMITATION - BUDGET SECTION APPROVAL.

1. Except as provided in this section, notwithstanding any other provision of law, the state board of higher education may not increase tuition rates for resident students attending institutions of higher education under its control during the 2019-20 academic year by more than three percent as compared to the tuition rate in effect during the 2019 spring semester unless the board receives prior budget section approval. Before approving or denying the request, the budget section shall consider the effect the tuition rate increase will have on current and prospective students, tuition rates at comparable institutions in neighboring states, and the institution's planned use of additional tuition revenue.

2. Except as provided in this section, notwithstanding any other provision of law, the state board of higher education may not increase tuition rates for resident students attending institutions of higher education under its control during the 2020-21 academic year by more than three percent as compared to the tuition rate in effect during the 2020 spring semester unless the board receives prior budget section approval. Before approving or denying the request, the budget section shall consider the effect the tuition rate increase will have on current and prospective students, tuition rates at comparable institutions in neighboring states, and the institution's planned use of additional tuition revenue.

3. This section does not apply to tuition rates charged for high-cost programs with differentiated tuition rates or graduate level programs,

including programs offered through the university of North Dakota school of medicine and health sciences, the university of North Dakota school of law, or the North Dakota state university school of pharmacy.

4. This section does not apply to tuition rates for nonresident students attending institutions of higher education under the control of the state board of higher education. For purposes of this section, the residency of students for tuition purposes must be determined under section 15-10-19.1.

5. This section does not apply to tuition rates determined under tuition reciprocity

agreements entered into by the state board of higher education with other states or state education compacts.

6. For purposes of this section, an institution must calculate a resident tuition rate increase based on the tuition rate paid by an average full-time resident student. The state board of higher education may exclude adjustments to a tuition rate resulting from a change in an institution's method of charging tuition, including the consolidation of existing fees into tuition rates or charging tuition based on a per-credit rate, from tuition rate calculations under this section.

7. The state board of higher education may increase tuition rates for all students attending institutions of higher education under its control during the 2019-20 academic year by an additional one percent as compared to the tuition rate in effect during the 2019 spring semester if the institution has provided matching funds from operations or other sources for each one dollar generated from the one percent increase in tuition, which must be deposited in each institution's capital building fund.

8. The state board of higher education may increase tuition rates for all students attending institutions of higher education under its control during the 2020-21 academic year by an additional one percent as compared to the tuition rate in effect during the 2020 spring semester if the institution has provided matching funds from operations or other sources for each one dollar generated from the one percent increase in tuition, which must be deposited in each institution's capital building fund.

Prepared by the Legislative Council staff
for Senate Appropriations
March 8, 2019

HOUSE BILL NO. 1003
LISTING OF PROPOSED CHANGES TO BILL

Department - North Dakota University System

Proposed funding changes:

	Description	FTE	General Fund	Special Funds	Total
1	Adjust funding for compensation package		$2,240,421	$5,056,489	$7,296,910
2	Increase funding for VCSU relating to a funding formula error		$1,225,743	$0	$1,225,743
3	Increase UND School of Law credit weighting factor from 10.5 to 13.3		$2,234,682	$0	$2,234,682
4	Add a 1.1 cost of living factor to the funding formula, which would increase the appropriation for WSC		$935,107	$0	$935,107
5	Increase BSC, DCB, and WSC special funds authority		$0	$8,890,668	$8,890,668
6	Increase one-time funding for challenge grants to provide $12.5 million total		$10,300,000	$0	$10,300,000
7	Add one-time funding from BND profits and reserves for research digital initiative		$0	$5,000,000	$5,000,000
8	Increase one-time funding for DSU Theodore Roosevelt digitization		$500,000	$0	$500,000
9	Add one-time funding from revenue bonds for UND parking lot		$0	$25,000,000	$25,000,000
10	Add one-time funding from bond proceeds (to be repaid by UND) for UND deferred maintenance projects		$0	$80,000,000	$80,000,000
11	Add one-time funding from gifts, donations, and nonstate grants for NDSCS Fargo career academy		$0	$30,000,000	$30,000,000
12	Add one-time funding from revenue bonds for DCB dining facility		$0	$2,500,000	$2,500,000
13	Add one-time funding for a campus workforce initiative pool		$2,000,000	$0	$2,000,000
14	Remove the tuition component of the Tier II capital building fund program		$0	($17,297,110)	($17,297,110)
	Total proposed funding changes		$19,435,953	$139,150,047	$158,586,000

Other proposed changes:

1 Provide a 2017-19 biennium appropriation of $491,850 from the general fund to WSC relating to a funding formula error.
2 Provide a 2017-19 biennium appropriation of $250,000 from the general fund to SBHE for a UND School of Law challenge grant.
3 Create a separate line item under UND for the UND School of Law with a base budget of $8,380,147 from the general fund.
4 Remove sections 5, 6, and 7 added by the House relating to facility space and maintenance reserves.
5 Reduce the matching fund requirement for Tier III capital building fund moneys to provide for a $1-$1 match.
6 Eliminate the tuition increase component of the Tier II capital building fund program.
7 Authorize UND to sell the Gallery Apartments and 1225 Stanford Road properties.
8 Consider adjusting or removing tuition increase limitations.
9 Consider adding language to allocate EPSCOR funding for each institution and allow unused allocations to be used by another institution.

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North Dakota University System Institutuions
House Bill No. 1003
Base Level Funding Changes

	House Version				Senate Version				Senate Changes to House Version Increase (Decrease) - House Version			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2019-21 Biennium Base Level	6,591.36	$507,176,197	$1,829,598,421	$2,336,774,618	6,591.36	$507,176,197	$1,829,598,421	$2,336,774,618	0.00	$0	$0	$0
2019-21 Ongoing Funding Changes												
Base payroll changes	(157.39)		($13,811,230)	($13,811,230)	(157.39)		($13,811,230)	($13,811,230)				$0
Salary increase		$9,108,175	17,890,120	26,998,295		$11,258,053	22,907,119	34,165,172		$2,149,878	$5,016,999	7,166,877
Health insurance increase		9,313,597	18,608,530	27,922,127		9,313,597	18,608,530	27,922,127				0
Student credit-hour completion adjustment		4,439,819		4,439,819		5,665,562		5,665,562		1,225,743		1,225,743
Hold-harmless provision		710,879		710,879		710,879		710,879				0
UND SMHS residency program		4,507,252		4,507,252		4,507,252		4,507,252				0
Adjust special funds authority				0			8,890,668	8,890,668			8,890,668	8,890,668
UND School of Law funding increase				0		2,234,682		2,234,682		2,234,682		2,234,682
Establish a cost of living factor				0		935,107		935,107		935,107		935,107
Total ongoing funding changes	(157.39)	$28,079,722	$22,687,420	$50,767,142	(157.39)	$34,625,132	$36,595,087	$71,220,219	0.00	$6,545,410	$13,907,667	$20,453,077
One-time funding items												
UND Athletics High Performance Center Phase II			$35,000,000	$35,000,000			$35,000,000	$35,000,000				$0
UND Memorial Union			80,000,000	80,000,000			80,000,000	80,000,000				0
UND parking lot				0			25,000,000	25,000,000			$25,000,000	25,000,000
UND deferred maintenance				0			80,000,000	80,000,000			80,000,000	80,000,000
NDSU Barry Hall			3,000,000	3,000,000			3,000,000	3,000,000				0
NDSU indoor practice facility			37,200,000	37,200,000			37,200,000	37,200,000				0
NDSU softball indoor facility			2,000,000	2,000,000			2,000,000	2,000,000				0
NDSU University Village Phase II			37,600,000	37,600,000			37,600,000	37,600,000				0
NDSCS Workforce Career Academy				0			30,000,000	30,000,000			30,000,000	30,000,000
DCB Dining Facility				0			2,500,000	2,500,000			2,500,000	2,500,000
LRSC Precision Agriculture Center			3,000,000	3,000,000			3,000,000	3,000,000				0
DSU Theodore Roosevelt digitization		$250,000		250,000		$750,000		750,000		$500,000		500,000
Tier II Capital building fund			37,297,110	37,297,110			20,000,000	20,000,000			(17,297,110)	(17,297,110)
Total one-time funding changes	0.00	$250,000	$235,097,110	$235,347,110	0.00	$750,000	$355,300,000	$356,050,000	0.00	$500,000	$120,202,890	$120,702,890
Total Changes to Base Level Funding	(157.39)	$28,329,722	$257,784,530	$286,114,252	(157.39)	$35,375,132	$391,895,087	$427,270,219	0.00	$7,045,410	$134,110,557	$141,155,967
2019-21 Total Funding	6,433.97	$535,505,919	$2,087,382,951	$2,622,888,870	6,433.97	$542,551,329	$2,221,493,508	$2,764,044,837	0.00	$7,045,410	$134,110,557	$141,155,967

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University System Office - Budget No. 215
House Bill No. 1003
Base Level Funding Changes

	House Version				Senate Version				Senate Changes to House Version Increase (Decrease) - House Version			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2019-21 Biennium Base Level	149.40	$101,639,530	$26,412,106	$128,051,636	149.40	$101,639,530	$26,412,106	$128,051,636	0.00	$0	$0	$0
2019-21 Ongoing Funding Changes												
Base payroll changes	(0.50)	$776	($226,876)	($226,100)	(0.50)	$776	($226,876)	($226,100)				$0
Salary increase		579,158	270,444	849,602		634,861	309,934	944,795		$55,703	$39,490	95,193
Health insurance increase		410,894	218,258	629,152		410,894	218,258	629,152				0
Increase funding for student financial assistance grants		2,000,000		2,000,000		2,000,000		2,000,000				0
Replace ongoing funding from the student loan trust fund for PSEP, tribal college grants, and ConnectND		865,307	(1,504,744)	(639,437)		865,307	(1,504,744)	(639,437)				0
Restore funding for MHEC		230,000		230,000		230,000		230,000				0
Remove funding for the dual credit instructor assistance program			(200,000)	(200,000)			(200,000)	(200,000)				0
Remove funding for Title II			(1,006,472)	(1,006,472)			(1,006,472)	(1,006,472)				0
Transfer the teacher shortage loan forgiveness program to DPI		(2,103,393)		(2,103,393)		(2,103,393)		(2,103,393)				0
Reduce funding for capital bond payments		(1,645,878)		(1,645,878)		(1,645,878)		(1,645,878)				0
Total ongoing funding changes	(0.50)	$336,864	($2,449,390)	($2,112,526)	(0.50)	$392,567	($2,409,900)	($2,017,333)	0.00	$55,703	$39,490	$95,193
One-time funding items												
Add funding for higher education challenge matching grants		$2,200,000		$2,200,000		$12,500,000		$12,500,000		$10,300,000		$10,300,000
Add funding for Tier III capital building fund pool		4,000,000	$5,000,000	9,000,000		4,000,000	$5,000,000	9,000,000				0
Add funding for research digital initiative pool				0			5,000,000	5,000,000			$5,000,000	5,000,000
Add funding for campus workforce initiative pool				0		2,000,000		2,000,000		2,000,000		2,000,000
Total one-time funding changes	0.00	$6,200,000	$5,000,000	$11,200,000	0.00	$18,500,000	$10,000,000	$28,500,000	0.00	$12,300,000	$5,000,000	$17,300,000
Total Changes to Base Level Funding	(0.50)	$6,536,864	$2,550,610	$9,087,474	(0.50)	$18,892,567	$7,590,100	$26,482,667	0.00	$12,355,703	$5,039,490	$17,395,193
2019-21 Total Funding	148.90	$108,176,394	$28,962,716	$137,139,110	148.90	$120,532,097	$34,002,206	$154,534,303	0.00	$12,355,703	$5,039,490	$17,395,193

Other Sections for University System Office - Budget No. 215

	House Version	Senate Version
Williston State College - 2017-19 biennium appropriation		Section __ provides for a 2017-19 biennium general fund appropriation of $491,850 to Williston State College to correct for a funding formula calculation error.

Other Sections for University System Office - Budget No. 215

	House Version	Senate Version
State Board of Higher Education - 2017-19 biennium appropriation - UND School of Law challenge grants		Section __ provides for a 2017-19 biennium general fund appropriation of $250,000 to the State Board of Higher Education for a UND School of Law challenge grant program.
Midwestern Higher Education Compact	Section 3 restores the Midwestern Higher Education Compact to North Dakota Century Code Title 15.	
Higher education challenge grants	Section 4 adjusts the higher education challenge grant program to restore program eligibility to Dickinson State University.	Adjust the grant amounts and establish a UND School of Law challenge grant program.
Capital project authorization	Sections 5, 6, and 7 create new subsections to Section 15-10-63 relating to capital project authorization.	Remove these sections.
Higher education funding formula	Sections 8 and 9 adjust the higher education funding formula established in Chapter 15-18.2, including adjusting the credit weighting for medical school credits and adjusting the base credit-hour funding rates.	Adjust the UND School of Law credit weighting factor and implement a cost of living factor.
Student financial assistance grants	Section 10 increases the maximum annual award under the student financial assistance grant program from $1,950 to $2,200.	
Carryover authority	Section 11 continues the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.	
Dual credit instructor assistance	Section 12 repeals Section 15-10-61, relating to dual-credit instructor assistance.	
Additional funds appropriation authority	Section 13 appropriates any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.	
Project management oversight	Section 14 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.	
UND School of Medicine and Health Sciences funding	Section 15 provides that a portion of the operations funding appropriated to UND may be transferred to the UND School of Medicine and Health Sciences based on the recommendation of the Commissioner of Higher Education.	
Transfer authority	Section 16 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item or capital building fund line item if the board determines that additional funds are needed for capital projects or extraordinary repairs.	
FTE positions	Section 17 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.	

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Other Sections for University System Office - Budget No. 215

	House Version	Senate Version
Extraordinary repairs matching funds	Section 18 requires institutions to match state extraordinary repairs funding on a $2 to $1 basis using operations or other funding.	
Conveyance of real property		Section __ provides authority for UND to sell the Gallery Apartments and 1225 Stanford Road properties.
Bond issue authorization	Section 19 authorizes the State Board of Higher Education to arrange for $117,600,000 of revenue bonds for the Memorial Union project at UND ($80,000,000) and University Village Phase 2 at North Dakota State University ($37,600,000). Section 24 provides that this section is an emergency measure.	Add $2.5 million of revenue bond authority for a Dakota College at Bottineau dining facility project.
Capital building funds	Sections 20, 21, and 22, provide for institution capital building funds.	Adjust matching requirements and remove the tuition increase component of the Tier II capital building fund program.
Tuition rate increase limitation	Section 23 limits resident undergraduate tuition rate increases to 3 percent per year. The section allows institutions to increase tuition by an additional 1 percent per year if the institution has provided matching funds for the 1 percent increase, to be deposited in the institution's capital building fund.	Remove the tuition increase component of the Tier II capital building fund program.
Emergency	Section 24 provides a emergency declaration for capital project related items.	Add 2017-19 biennium appropriations for WSC and SBHE to the emergency declaration.

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Prepared by the Legislative Council staff
for Senate Appropriations
March 10, 2019

HOUSE BILL NO. 1003
LISTING OF PROPOSED CHANGES TO BILL

Department - North Dakota University System

Proposed funding changes:

	Description	FTE	General Fund	Special Funds	Total
1	Adjust funding for compensation package		$2,240,421	$5,056,489	$7,296,910
2	Increase funding for VCSU relating to a funding formula error		$1,225,743	$0	$1,225,743
3	Increase UND School of Law credit weighting factor from 10.5 to 13.3		$2,234,682	$0	$2,234,682
4	Add a 1.1 cost of living factor to the funding formula, which would increase the appropriation for WSC		$935,107	$0	$935,107
5	Increase funding for WICHE dues		$45,000	$0	$45,000
6	Increase funding for tribal college grants		$500,000	$0	$500,000
7	Increase BSC, DCB, and WSC special funds authority		$0	$8,890,668	$8,890,668
8	Increase one-time funding for challenge grants to provide $12.5 million total		$10,300,000	$0	$10,300,000
9	Add one-time funding from BND profits for the research digital initiative, of which 1/2 is appropriated to UND and 1/2 to NDSU		$0	$5,000,000	$5,000,000
10	Increase one-time funding for DSU Theodore Roosevelt digitization		$500,000	$0	$500,000
11	Add one-time funding from revenue bonds for UND parking lot		$0	$10,000,000	$10,000,000
12	Add one-time funding from appropriation bond proceeds (to be repaid by UND) for UND deferred maintenance projects		$0	$80,000,000	$80,000,000
13	Add one-time funding from gifts, donations, and nonstate grants for NDSCS Fargo career academy		$0	$30,000,000	$30,000,000
14	Add one-time funding from revenue bonds for DCB dining facility		$0	$2,500,000	$2,500,000
15	Remove the tuition component of the Tier II capital building fund program		$0	($17,297,110)	($17,297,110)
	Total proposed funding changes		$17,980,953	$124,150,047	$142,131,000

Other proposed changes:

1. Provide a 2017-19 biennium appropriation of $491,850 from the general fund to WSC relating to a funding formula error.
2. Provide a 2017-19 biennium appropriation of $250,000 from the general fund to SBHE for a UND School of Law challenge grant.
3. Provide a 2017-19 biennium appropriation of $3,000,000 from the general fund to SBHE for a campus workforce initiative.
4. Create a separate line item under UND for the UND School of Law with a 2019-21 appropriation of $11,016,618 from the general fund and $8,409,030 from other funds.
5. Remove sections 5, 6, and 7 added by the House relating to facility space and maintenance reserves.
6. Reduce the matching fund requirement for Tier III capital building fund moneys to provide for a $1-$1 match.
7. Eliminate the tuition increase component of the Tier II capital building fund program.
8. Authorize UND to sell the Gallery Apartments and 1225 Stanford Road properties.
9. Adjust tuition increase limitations to allow increases of up to 4% per year and add exemption for differentiated tuition rates.
10. Adjust the challenge grant program to provide $2 million each for UND and NDSU; $1.2 million each for BSC, MiSU, and NDSCS; $1 million each for MaSU, VCSU, and DSU; $500,000 each for DCB, LRSC, and WSC; and $400,000 for a pool for non-research institutions.
11. Consider language to allocate EPSCOR funding for each institution and allow unused allocations to be used by another institution.

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APPROPRIATION BOND PROPOSALS UNDER CONSIDERATION BY THE LEGISLATIVE ASSEMBLY AS OF APRIL 9, 2019

Bill No.	Appropriation Bonds	Bond Authorization Amount	Estimated Biennial Bond Payment	Estimated Total Bond Payments
1003	**Proposed** - Authorizes the Industrial Commission to issue up to $80 million of evidences of indebtedness for University of North Dakota infrastructure improvements. The debt service is to be paid by funds received from lease payments available from the University of North Dakota's operating fund.	$80,000,000[3]	$10,820,000[1,3]	$108,160,000[1,3]
1014	Authorizes the Public Finance Authority to issue up to $500 million of evidences of indebtedness, but not in an amount that would cause the repayments to exceed $55 million per biennium or terms exceeding 20 years, for the purpose of issuing loans from the essential infrastructure revolving loan fund administered by the Bank of North Dakota. The debt service is to be paid from legacy fund earnings deposited in the general fund.	500,000,000[2]	55,000,000[1,2]	549,990,000[1,2]
2297	Authorizes the Industrial Commission to issue up to $80 million of evidences of indebtedness for various institutions of higher education building projects. The debt service is to be paid by funds received from lease payments from general fund appropriations.	80,000,000[3]	10,820,000[1,3]	108,160,000[1,3]
Total appropriation bonds		**$660,000,000**	**$76,640,000**	**$766,310,000**

[1]Biennial bond payments are calculated using the following assumptions:

- Bonds will mature in 20 years;
- Bonds are issued up to the maximum amount on August 1, 2019, and mature on August 1, 2039;
- Bond payments are made semiannually;
- Bond coupon (3.38 percent) and yield (3.03 percent) rates are based on 30-year treasury yields; and
- Bond issuance costs are not financed, which if they are, would increase the biennial payments.

[2]Bond issuance at full authority using assumptions listed in footnote 1 would result in biennial bond payments of $67.6 million exceeding the maximum biennial bond payment allowed. Using the same assumptions as listed in footnote 1, a $55 million biennial bond payment would provide a bond issuance of $406.8 million.

SALES TAX LIMITATION - BOND PAYMENTS

[3]North Dakota Century Code Section 54-17.2-23 limits the amount of bonding that may be issued by the State Building Authority for capital construction projects to 10 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax.

The following table shows the projected fund portion of the bond payments for the 2017-19 through 2023-25 bienniums and what 10 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax is projected to generate (using the March 2017 Legislative Assembly budget forecast for the 2017-19 biennium and using the January 2019 Legislative Assembly budget forecast for the 2019-21 biennium with a 0 percent growth in sales tax revenues for future bienniums and no prepayments of nongeneral fund amounts):

Biennium	Total Payments	Other Funds	General Fund	10 Percent of the Equivalent of 1 Percent	Estimated Excess General Fund Resources Available for Bond Payments
2017-19	$12,702,698*	$1,046,882	$11,655,816	$42,095,500	$30,439,684
2019-21	$10,076,922*	$1,057,160	$9,019,762	$47,621,008	$38,601,246
2021-23	$7,651,211*	$840,392	$6,810,819	$47,621,008	$40,810,189
2023-25	$3,041,207*	$499,317	$2,541,890	$47,621,008	$45,079,118

*The future biennium bond payments do not reflect any other future bond issues that may be authorized by future legislative assemblies. During the 2017-19 biennium, the 2006 Series A bond issue was paid off.

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Prepared by the Legislative Council staff for
Senator Holmberg
April 10, 2019

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1003

Page 1, line 2, remove "three new subsections to"

Page 1, line 3, replace "section 15-10-63" with "sections 15-10-48.1 and 15-18.2-04.1"

Page 1, line 4, replace "and capital project authorization" with ", matching grants for the university of North Dakota school of law, and a cost of living factor for state aid to institutions"

Page 1, line 4, after "sections" insert "15-10-48,"

Page 1, line 4, after the comma insert "15-10-50,"

Page 1, line 9, after the semicolon insert "to authorize the industrial commission to issue and sell evidences of indebtedness for capital projects;"

Page 1, line 10, replace "a transfer" with "transfers; to provide for the conveyance of real property"

Page 1, line 11, replace "report" with "reports"

Page 1, remove line 24

Page 2, replace lines 1 through 22 with:

"Capital assets - bond payments	$6,605,326	($1,645,878)	$4,959,448
Competitive research programs	6,027,750	(342,000)	5,685,750
NASA EPSCoR	0	342,000	342,000
System governance	8,163,238	324,629	8,487,867
Title II	1,006,472	(1,006,472)	0
Core technology services	61,527,347	758,781	62,286,128
Student financial assistance grants	21,917,306	2,000,000	23,917,306
Professional student exchange program	3,699,342	0	3,699,342
Academic and technical education scholarships	12,016,749	0	12,016,749
Scholars program	1,807,115	0	1,807,115
Native American scholarship	555,323	0	555,323
Tribally controlled community college grants	600,000	400,000	1,000,000
Education incentive programs	2,863,393	(2,103,393)	760,000
Student mental health	284,400	0	284,400
Veterans' assistance grants	277,875	0	277,875
Shared campus services	500,000	0	500,000
Dual-credit instructor assistance	200,000	(200,000)	0
Education challenge fund	0	12,500,000	12,500,000
Tier III capital building fund pool	0	9,000,000	9,000,000
Total all funds	$128,051,636	$20,027,667	$148,079,303
Less estimated income	26,412,106	2,590,100	29,002,206
Total general fund	$101,639,530	$17,437,567	$119,077,097
Full-time equivalent positions	149.40	(0.50)	148.90"

Page 2, remove lines 27 through 31

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Page 3, replace lines 1 and 2 with:

"Operations	$101,670,034	($2,948,759)	$98,721,275
Capital assets	1,922,561	0	1,922,561
Capital building fund	0	851,386	851,386
Total all funds	$103,592,595	($2,097,373)	$101,495,222
Less estimated income	72,991,998	(2,542,596)	70,449,402
Total general fund	$30,600,597	$445,223	$31,045,820
Full-time equivalent positions	358.35	(34.42)	323.93"

Page 3, replace lines 7 through 13 with:

"Operations	$36,449,048	$1,100,743	$37,549,791
Capital assets	362,667	3,000,000	3,362,667
Capital building fund	0	354,750	354,750
Total all funds	$36,811,715	$4,455,493	$41,267,208
Less estimated income	24,111,092	4,220,172	28,331,264
Total general fund	$12,700,623	$235,321	$12,935,944
Full-time equivalent positions	129.61	(11.51)	118.10"

Page 3, replace lines 18 through 24 with:

"Operations	$26,954,133	$6,640,714	$33,594,847
Capital assets	1,261,968	0	1,261,968
Capital building fund	0	275,894	275,894
Total all funds	$28,216,101	$6,916,608	$35,132,709
Less estimated income	19,855,598	4,210,581	24,066,179
Total general fund	$8,360,503	$2,706,027	$11,066,530
Full-time equivalent positions	100.75	(0.27)	100.48"

Page 3, remove lines 29 through 31

Page 4, replace lines 1 through 4 with:

"Operations	$864,554,974	$7,993,510	$872,548,484
School of law	0	19,425,648	19,425,648
Capital assets	4,411,566	140,000,000	144,411,566
Capital building fund	0	8,723,602	8,723,602
Total all funds	$868,966,540	$176,142,760	$1,045,109,300
Less estimated income	728,870,450	166,538,829	895,409,279
Total general fund	$140,096,090	$9,603,931	$149,700,021
Full-time equivalent positions	2,218.07	(85.90)	2,132.17"

Page 4, replace lines 9 through 15 with:

"Operations	$732,673,267	$13,602,304	$746,275,571
Capital assets	7,799,104	79,800,000	87,599,104
Capital building fund	0	5,799,192	5,799,192
Total all funds	$740,472,371	$99,201,496	$839,673,867
Less estimated income	611,881,329	95,077,555	706,958,884
Total general fund	$128,591,042	$4,123,941	$132,714,983
Full-time equivalent positions	1,895.66	(25.50)	1,870.16"

Page 4, replace lines 20 through 26 with:

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"Operations	$91,682,610	$4,016,447	$95,699,057
Capital assets	1,012,379	30,000,000	31,012,379
Capital building fund	0	1,001,390	1,001,390
Total all funds	$92,694,989	$35,017,837	$127,712,826
Less estimated income	57,605,613	33,591,545	91,197,158
Total general fund	$35,089,376	$1,426,292	$36,515,668
Full-time equivalent positions	345.04	(34.31)	310.73"

Page 4, remove line 31

Page 5, replace lines 1 through 7 with:

"Operations	$47,135,592	$1,425,402	$48,560,994
Capital assets	409,078	0	409,078
Capital building fund	0	537,724	537,724
Theodore Roosevelt digitization	0	750,000	750,000
Total all funds	$47,544,670	$2,713,126	$50,257,796
Less estimated income	29,737,827	1,376,906	31,114,733
Total general fund	$17,806,843	$1,336,220	$19,143,063
Full-time equivalent positions	168.90	44.36	213.26"

Page 5, replace lines 12 through 18 with:

"Operations	$44,197,761	$3,521,794	$47,719,555
Capital assets	358,992	0	358,992
Capital building fund	0	480,058	480,058
Total all funds	$44,556,753	$4,001,852	$48,558,605
Less estimated income	30,307,148	1,830,841	32,137,989
Total general fund	$14,249,605	$2,171,011	$16,420,616
Full-time equivalent positions	210.53	(1.26)	209.27"

Page 5, replace lines 23 through 29 with:

"Operations	$100,710,275	$1,614,798	$102,325,073
Capital assets	1,099,620	0	1,099,620
Capital building fund	0	1,145,602	1,145,602
Total all funds	$101,809,895	$2,760,400	$104,570,295
Less estimated income	62,058,916	2,614,686	64,673,602
Total general fund	$39,750,979	$145,714	$39,896,693
Full-time equivalent positions	441.65	(34.07)	407.58"

Page 6, replace lines 3 through 9 with:

"Operations	$48,444,336	($267,408)	$48,176,928
Capital assets	455,823	0	455,823
Capital building fund	0	618,274	618,274
Total all funds	$48,900,159	$350,866	$49,251,025
Less estimated income	28,470,657	(1,878,565)	26,592,092
Total general fund	$20,429,502	$2,229,431	$22,658,933
Full-time equivalent positions	202.75	(22.07)	180.68"

Page 6, replace lines 14 through 20 with:

"Operations	$17,168,111	$4,266,912	$21,435,023
Capital assets	114,007	2,500,000	2,614,007
Capital building fund	0	212,128	212,128

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Total all funds	$17,282,118	$6,979,040	$24,261,158
Less estimated income	9,629,173	6,896,742	16,525,915
Total general fund	$7,652,945	$82,298	$7,735,243
Full-time equivalent positions	84.30	(2.01)	82.29"

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Page 6, replace lines 25 through 30 with:

"Operations	$205,926,712	$5,369,938	$211,296,650
Health care workforce initiative	0	10,676,150	10,676,150
Total all funds	$205,926,712	$16,046,088	$221,972,800
Less estimated income	154,078,620	4,958,391	159,037,011
Total general fund	$51,848,092	$11,087,697	$62,935,789
Full-time equivalent positions	435.75	49.57	485.32"

Page 7, replace lines 4 through 9 with:

"Operations	$14,958,447	$264,889	$15,223,336
Capital assets	118,728	0	118,728
Total all funds	$15,077,175	$264,889	$15,342,064
Less estimated income	10,650,748	14,652	10,665,400
Total general fund	$4,426,427	$250,237	$4,676,664
Full-time equivalent positions	27.00	0.00	27.00"

Page 7, replace lines 14 through 16 with:

"Grand total general fund	$613,242,154	$53,280,910	$666,523,064
Grand total special funds	1,866,661,275	319,499,839	2,186,161,114
Grand total all funds	$2,479,903,429	$372,780,749	$2,852,684,178"

Page 7, remove lines 21 through 31

Page 8, replace lines 1 and 2 with:

"Capital projects - other funds	$168,505,000	$255,300,000
Education challenge grants	2,000,000	12,500,000
Tier II and tier III capital building funds	0	29,000,000
Theodore Roosevelt digitization	0	750,000
University of North Dakota research digital initiative	0	2,500,000
North Dakota state university research digital initiative	0	2,500,000
Institution operations distributions	2,000,000	0
Dickinson state university operations and debt repayment	8,284,626	0
Two-year campus study	40,000	0
Valley City state university integrated carbon project	22,500,000	0
Minot state university projects	2,284,000	0
Midwestern higher education compact dues	230,000	0
Total all funds	$205,843,626	$302,550,000
Total other funds	193,289,000	285,300,000
Total general fund	$12,554,626	$17,250,000"

Page 8, after line 7, insert:

"**SECTION 3. APPROPRIATION - 2017-19 BIENNIUM - WILLISTON STATE COLLEGE.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $491,850, or so much of the sum as may be necessary, to Williston state college for institution operations, for the period beginning with the effective date of this Act, and ending June 30, 2019. In accordance

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with section 54-44.1-11, any unexpended funds from this appropriation may be continued into the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 4. APPROPRIATION - 2017-19 BIENNIUM - STATE BOARD OF HIGHER EDUCATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $250,000, or so much of the sum as may be necessary, to the state board of higher education for the purpose of providing matching grants for clinical legal education, including indigent legal services, and for the recruitment and retention of faculty at the university of North Dakota school of law, for the period beginning with the effective date of this Act, and ending June 30, 2019. In accordance with section 54-44.1-11, any unexpended funds from this appropriation may be continued into the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 5. APPROPRIATION - 2017-19 BIENNIUM - STATE BOARD OF HIGHER EDUCATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $3,000,000, or so much of the sum as may be necessary, to the state board of higher education for campus workforce initiative projects, including the Bismarck state college polytechnic and Dickinson state university dual-mission transitions, for the period beginning with the effective date of this Act, and ending June 30, 2019. In accordance with section 54-44.1-11, any unexpended funds from this appropriation may be continued into the biennium beginning July 1, 2019, and ending June 30, 2021."

Page 13, after line 26, insert:

"**SECTION 7. AMENDMENT.** Section 15-10-48 of the North Dakota Century Code is amended and reenacted as follows:

15-10-48. Advancement of academics - Matching grants - University of North Dakota and North Dakota state university.

1. a. Subject to legislative appropriations, each biennium during the period beginning July first of each odd-numbered year and ending December thirty-first of each even-numbered year, the state board of higher education shall award one dollar in matching grants for every two dollars raised by the institutional foundations of the university of North Dakota and North Dakota state university for projects dedicated exclusively to the advancement of academics.

   b. To be eligible for a matching grant, an institution must demonstrate that:

      (1) Its foundation has raised at least fifty thousand dollars in cash or monetary pledges for a qualifying project; and

      (2) The project has been approved by the grant review committee established in section 15-10-51.

   c. The board may award up to two ~~hundred thousand~~million dollars in matching grants to each institution.

   d. Projects at the university of North Dakota school of medicine and health sciences are not eligible to receive a grant under this section.

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2. a. If any available dollars have not been awarded by the board before January first of each odd-numbered year, in accordance with subsection 1, either the university of North Dakota or North Dakota state university may apply for an additional matching grant.

   b. An application submitted under this subsection must meet the same criteria as an original application.

   c. The board shall consider each application submitted under this subsection in chronological order.

   d. If the remaining dollars are insufficient to provide a matching grant in the amount of one dollar for every two dollars raised by the institutional foundation, the board shall award a lesser amount.

3. The state board of higher education shall retain up to one-quarter of one percent of any grant awarded under this section to assist with administrative expenses incurred in the grant review process.

SECTION 8. Section 15-10-48.1 of the North Dakota Century Code is created and enacted as follows:

Clinical legal education, including indigent legal services, and faculty recruitment and retention - Matching grants - University of North Dakota school of law.

1. a. Subject to legislative appropriations, each biennium the state board of higher education shall award one dollar in matching grants for every two dollars raised by the institutional foundation of the university of North Dakota for projects dedicated exclusively to clinical legal education, including indigent legal services, or the recruitment and retention of faculty at the school of law.

   b. To be eligible for a matching grant, the institution must demonstrate that:

      (1) Its foundation has raised at least twenty-five thousand dollars in cash or monetary pledges for a qualifying project; and

      (2) The project has been approved by the grant review committee established in section 15-10-51.

   c. The board may award up to two hundred fifty thousand dollars in matching grants under this section.

   d. If the remaining dollars are insufficient to provide a matching grant in the amount of one dollar for every two dollars raised by the institutional foundation, the board shall award a lesser amount.

2. The state board of higher education shall retain up to one-quarter of one percent of any grant awarded under this section to assist with the administrative expenses incurred in the grant review process."

Page 14, line 16, overstrike "two hundred thousand dollars in matching grants to"

Page 14, overstrike line 17 and insert immediately thereafter ":

(1) One million two hundred thousand dollars each to Bismarck state college, Minot state university, and the North Dakota state college of science;

(2) One million dollars each to Dickinson state university, Mayville state university, and Valley City state university; and

(3) Five hundred thousand dollars each to Dakota college at Bottineau, Lake Region state college, and Williston state college."

Page 14, line 28, after "3." insert:

"a. The board may award an additional four hundred thousand dollars in matching grants to institutions that have been awarded their entire allocation under subsection 1 and apply for an additional matching grant.

b. An application submitted under this subsection must meet the same criteria as an original application.

c. The board shall consider each application submitted under this subsection in chronological order.

d. If the funding provided under this subsection is insufficient to provide a matching grant in the amount of one dollar for every two dollars raised by the institutional foundation, the board shall award a lesser amount.

4."

Page 15, remove lines 1 through 31

Page 16, replace lines 1 through 4 with:

"**SECTION 10. AMENDMENT.** Section 15-10-50 of the North Dakota Century Code is amended and reenacted as follows:

15-10-50. Liability for pledged amount.

If in accordance with section 15-10-48, 15-10-48.1, or 15-10-49, the state board of higher education provides grant funds to an institution, on the basis of a monetary pledge, and if the amount forthcoming is less than the amount pledged, the institutional foundation is liable to the institution for any shortfall."

Page 17, line 26, overstrike "10.5" and insert immediately thereafter "13.3"

Page 18, after line 9, insert:

"**SECTION 12.** Section 15-18.2-04.1 of the North Dakota Century Code is created and enacted as follows:

15-18.2-04.1. Cost of living factor - Determination.

For each institution under its control, the state board of higher education shall multiply the product determined under section 15-18.2-04 by a cost of living factor of:

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1. 1.0 if the institution is located in a county with a median household income, when divided by the North Dakota average household income results in a quotient of less than 1.35; or

2. 1.1 if the institution is located in a county with a median household income, when divided by the North Dakota average household income results in a quotient of 1.35 or more."

Page 18, line 15, overstrike "15-18.2-04" and insert immediately thereafter "15-18.2-04.1"

Page 18, line 16, replace "$60.70" with "$60.87"

Page 18, line 18, replace "$90.48" with "$90.98"

Page 18, line 20, replace "$96.52" with "$96.99"

Page 21, line 29, replace "biennium" with "period"

Page 21, line 29, remove "July 1,"

Page 21, line 30, replace "2019" with "with the effective date of this Act"

Page 22, after line 12, insert:

"**SECTION 23. SALE OF PROPERTY AUTHORIZED.** The state of North Dakota, by and through the state board of higher education, may sell and convey certain real property known as gallery apartments, lots 1, 2, and 3, block 13, university heights addition, and lots 1, 2, 3, 4, 5, and 6, block 1, university heights 2nd addition, in the records of the city of Grand Forks. The state of North Dakota, by and through the state board of higher education, may sell and convey certain real property located at 1225 stanford road, lots 1 and 2, block 5, university heights addition, in the records of the city of Grand Forks. If any of the real property authorized to be conveyed under this section is conveyed, the terms of the conveyance must be determined jointly by the state board of higher education or a designee of the board and the commissioner of university and school lands. Sections 54-01-05.2 and 54-01-05.5 do not apply to the transfers authorized by this section

SECTION 24. PROJECT AUTHORIZATIONS. The industrial commission, acting as the North Dakota building authority, shall arrange for the funding of the projects authorized in this section, declared to be in the public interest, through the issuance of evidences of indebtedness under chapter 54-17.2, beginning with the effective date of this Act, and ending June 30, 2021. The industrial commission shall issue evidences of indebtedness under this section with the condition that lease rental payments need not begin until July 1, 2021. The authority of the industrial commission to issue evidences of indebtedness under this section ends June 30, 2021, but the industrial commission may continue to exercise all other powers granted to it under chapter 54-17.2 and this Act and comply with any covenants entered before that date. The proceeds of the evidences of indebtedness are included in the appropriation in subdivision 5 of section 1, beginning with the effective date of this Act, and ending June 30, 2021, for the following projects:

University of North Dakota - deferred maintenance projects	$15,000,000
Total special funds	$15,000,000

The university of North Dakota is responsible for the repayment of any evidences of indebtedness issued under this section from institution operations funding or other local funds."

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Page 22, replace lines 23 through 25 with:

"University of North Dakota - memorial union	$80,000,000
University of North Dakota - parking lot projects	10,000,000
North Dakota state university - university village phase II	37,600,000
Dakota college at Bottineau - dining facility	2,500,000
Total special funds	$130,100,000"

Page 23, line 3, remove "and $8,648,555 from a one percent per year increase in tuition"

Page 23, replace lines 5 through 18 with:

"Bismarck state college	$425,693
Lake Region state college	177,375
Williston state college	137,947
University of North Dakota	4,361,801
North Dakota state university	2,899,596
North Dakota state college of science	500,695
Dickinson state university	268,862
Mayville state university	240,029
Minot state university	572,801
Valley City state university	309,137
Dakota college at Bottineau	106,064
Total	$10,000,000"

Page 23, line 20, remove "and for each one dollar generated from the"

Page 23, line 21, remove "one percent per year increase in tuition"

Page 24, line 17, replace "two dollars" with "one dollar"

Page 24, line 26, remove "Lake Region state college is authorized to use up to $3,000,000 from its"

Page 24, line 27, replace "capital building fund line item for the precision agriculture center project." with "the following projects are authorized to use funding from the corresponding institution's capital building fund line item:

Lake Region state college - precision agriculture center	$3,000,000
North Dakota state college of science - Hektner Student Center	6,708,000
Minot state university - dome wellness emergency generators	1,130,335
Valley City state university - life safety projects	2,529,323
Dakota college at Bottineau - Nelson Science Center	1,177,758
Total	$14,545,416"

Page 24, after line 31, insert:

"**SECTION 29. TRANSFER - BANK OF NORTH DAKOTA PROFITS - RESEARCH DIGITAL INITIATIVE.** The industrial commission shall transfer to the university of North Dakota a total of $2,500,000, or so much of the sum as may be necessary, and to North Dakota state university a total of $2,500,000, or so much of the sum as may be necessary, from the current earnings and accumulated undivided profits of the Bank of North Dakota during the biennium beginning July 1, 2019, and ending June 30, 2021, as requested by the commissioner of higher education. The estimated income line items in subdivisions 5 and 6 of section 1 include $2,500,000 each for the university of North Dakota and North Dakota state university for the campus research digital initiative."

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Page 25, line 5, replace "three" with "four"

Page 25, line 14, replace "three" with "four"

Page 26, line 1, after "6." insert "This section does not apply to differentiated tuition rates charged for higher cost programs.

7."

Page 26, remove lines 7 through 18

Page 26, line 19, replace "14, 16, 18, 19, 20, 21, and 22" with "3, 4, 5, 18, 20, 22, 23, 24, 25, 26, 27, and 28"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1003 - Summary of Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
University System Office				
Total all funds	$128,051,636	$137,139,110	$10,940,193	$148,079,303
Less estimated income	26,412,106	28,962,716	39,490	29,002,206
General fund	$101,639,530	$108,176,394	$10,900,703	$119,077,097
FTE	149.40	148.90	0.00	148.90
Bismarck State College				
Total all funds	$103,592,595	$100,824,502	$670,720	$101,495,222
Less estimated income	72,991,998	69,929,126	520,276	70,449,402
General fund	$30,600,597	$30,895,376	$150,444	$31,045,820
FTE	358.35	323.93	0.00	323.93
Lake Region State College				
Total all funds	$36,811,715	$41,390,022	($122,814)	$41,267,208
Less estimated income	24,111,092	28,516,764	(185,500)	28,331,264
General fund	$12,700,623	$12,873,258	$62,686	$12,935,944
FTE	129.61	118.10	0.00	118.10
Williston State College				
Total all funds	$28,216,101	$29,729,665	$5,403,044	$35,132,709
Less estimated income	19,855,598	19,717,935	4,348,244	24,066,179
General fund	$8,360,503	$10,011,730	$1,054,800	$11,066,530
FTE	100.75	100.48	0.00	100.48
University of North Dakota				
Total all funds	$868,966,540	$1,019,612,441	$25,496,859	$1,045,109,300
Less estimated income	728,870,450	872,789,252	22,620,027	895,409,279
General fund	$140,096,090	$146,823,189	$2,876,832	$149,700,021
FTE	2,218.07	2,132.17	0.00	2,132.17
UND Medical Center				
Total all funds	$205,926,712	$221,782,733	$190,067	$221,972,800
Less estimated income	154,078,620	158,846,944	190,067	159,037,011
General fund	$51,848,092	$62,935,789	$0	$62,935,789
FTE	435.75	485.32	0.00	485.32
North Dakota State University				
Total all funds	$740,472,371	$841,887,616	($2,213,749)	$839,673,867
Less estimated income	611,881,329	709,543,285	(2,584,401)	706,958,884
General fund	$128,591,042	$132,344,331	$370,652	$132,714,983

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FTE	1,895.66	1,870.16	0.00	1,870.16
State College of Science				
Total all funds	$92,694,989	$97,843,036	$29,869,790	$127,712,826
Less estimated income	57,605,613	61,504,318	29,692,840	91,197,158
General fund	$35,089,376	$36,338,718	$176,950	$36,515,668
FTE	345.04	310.73	0.00	310.73
Dickinson State University				
Total all funds	$47,544,670	$49,955,579	$302,217	$50,257,796
Less estimated income	29,737,827	31,413,599	(298,866)	31,114,733
General fund	$17,806,843	$18,541,980	$601,083	$19,143,063
FTE	168.90	213.26	0.00	213.26
Mayville State University				
Total all funds	$44,556,753	$48,544,353	$14,252	$48,558,605
Less estimated income	30,307,148	32,213,980	(75,991)	32,137,989
General fund	$14,249,605	$16,330,373	$90,243	$16,420,616
FTE	210.53	209.27	0.00	209.27
Minot State University				
Total all funds	$101,809,895	$104,947,947	($377,652)	$104,570,295
Less estimated income	62,058,916	65,266,608	(593,006)	64,673,602
General fund	$39,750,979	$39,681,339	$215,354	$39,896,693
FTE	441.65	407.58	0.00	407.58
Valley City State University				
Total all funds	$48,900,159	$47,919,475	$1,331,550	$49,251,025
Less estimated income	28,470,657	26,887,399	(295,307)	26,592,092
General fund	$20,429,502	$21,032,076	$1,626,857	$22,658,933
FTE	202.75	180.68	0.00	180.68
Dakota College at Bottineau				
Total all funds	$17,282,118	$18,451,501	$5,809,657	$24,261,158
Less estimated income	9,629,173	10,753,741	5,772,174	16,525,915
General fund	$7,652,945	$7,697,760	$37,483	$7,735,243
FTE	84.30	82.29	0.00	82.29
Forest Service				
Total all funds	$15,077,175	$15,307,224	$34,840	$15,342,064
Less estimated income	10,650,748	10,665,400	0	10,665,400
General fund	$4,426,427	$4,641,824	$34,840	$4,676,664
FTE	27.00	27.00	0.00	27.00
Bill total				
Total all funds	$2,479,903,429	$2,775,335,204	$77,348,974	$2,852,684,178
Less estimated income	1,866,661,275	2,127,011,067	59,150,047	2,186,161,114
General fund	$613,242,154	$648,324,137	$18,198,927	$666,523,064
FTE	6,767.76	6,609.87	0.00	6,609.87

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House Bill No. 1003 - North Dakota University System - General Fund Summary

	Base Budget	House Version	Senate Changes	Senate Version
University System Office	$101,639,530	$108,176,394	$10,900,703	$119,077,097
Bismarck State College	30,600,597	30,895,376	150,444	31,045,820
Lake Region State College	12,700,623	12,873,258	62,686	12,935,944
Williston State College	8,360,503	10,011,730	1,054,800	11,066,530
University of North Dakota	140,096,090	146,823,189	2,876,832	149,700,021
UND Medical Center	51,848,092	62,935,789		62,935,789
North Dakota State University	128,591,042	132,344,331	370,652	132,714,983
State College of Science	35,089,376	36,338,718	176,950	36,515,668
Dickinson State University	17,806,843	18,541,980	601,083	19,143,063
Mayville State University	14,249,605	16,330,373	90,243	16,420,616
Minot State University	39,750,979	39,681,339	215,354	39,896,693
Valley City State University	20,429,502	21,032,076	1,626,857	22,658,933
Dakota College at Bottineau	7,652,945	7,697,760	37,483	7,735,243
Forest Service	4,426,427	4,641,824	34,840	4,676,664
Total general fund	$613,242,154	$648,324,137	$18,198,927	$666,523,064

Detail of Senate Changes to the General Fund

	Adjusts Funding for University System Office[1]	Provides Funding Formula Adjustments[2]	Adjusts Special Funds[3]	Establishes a School of Law Line Item[4]	Adds One-Time Funding for Research Digital Initiative[5]	Adds One-Time Funding for Theodore Roosevelt Digitization[6]
University System Office	$10,900,703					
Bismarck State College		$150,444				
Lake Region State College		62,686				
Williston State College		1,054,800				
University of North Dakota		2,876,832				
UND Medical Center						
North Dakota State University		370,652				
State College of Science		176,950				
Dickinson State University		101,083				$500,000
Mayville State University		90,243				
Minot State University		215,354				
Valley City State University		1,626,857				
Dakota College at Bottineau		37,483				
Forest Service						
Total general fund	$10,900,703	$6,763,384	$0	$0	$0	$500,000

	Adds Funding for Capital Projects[7]	Adjusts Funding for Capital Building Funds[8]	Adjusts Forest Service Funding[9]	Total the General Fund Changes
University System Office				$10,900,703
Bismarck State College				150,444
Lake Region State College				62,686
Williston State College				1,054,800
University of North Dakota				2,876,832
UND Medical Center				
North Dakota State University				370,652
State College of Science				176,950
Dickinson State University				601,083
Mayville State University				90,243
Minot State University				215,354
Valley City State University				1,626,857
Dakota College at Bottineau				37,483
Forest Service			$34,840	34,840
Total general fund	$0	$0	$34,840	$18,198,927

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House Bill No. 1003 - North Dakota University System - Other Funds Summary

	Base Budget	House Version	Senate Changes	Senate Version
University System Office	$26,412,106	$28,962,716	$39,490	$29,002,206
Bismarck State College	72,991,998	69,929,126	520,276	70,449,402
Lake Region State College	24,111,092	28,516,764	(185,500)	28,331,264
Williston State College	19,855,598	19,717,935	4,348,244	24,066,179
University of North Dakota	728,870,450	872,789,252	22,620,027	895,409,279
UND Medical Center	154,078,620	158,846,944	190,067	159,037,011
North Dakota State University	611,881,329	709,543,285	(2,584,401)	706,958,884
State College of Science	57,605,613	61,504,318	29,692,840	91,197,158
Dickinson State University	29,737,827	31,413,599	(298,866)	31,114,733
Mayville State University	30,307,148	32,213,980	(75,991)	32,137,989
Minot State University	62,058,916	65,266,608	(593,006)	64,673,602
Valley City State University	28,470,657	26,887,399	(295,307)	26,592,092
Dakota College at Bottineau	9,629,173	10,753,741	5,772,174	16,525,915
Forest Service	10,650,748	10,665,400		10,665,400
Total other funds	$1,866,661,275	$2,127,011,067	$59,150,047	$2,186,161,114

Detail of Senate Changes to Other Funds

	Adjusts Funding for University System Office[1]	Provides Funding Formula Adjustments[2]	Adjusts Special Funds[3]	Establishes a School of Law Line Item[4]	Adds One-Time Funding for Research Digital Initiative[5]	Adds One-Time Funding for Theodore Roosevelt Digitization[6]
University System Office	$39,490					
Bismarck State College			$1,347,972			
Lake Region State College			88,026			
Williston State College			4,508,162			
University of North Dakota			1,789,883		$2,500,000	
UND Medical Center			190,067			
North Dakota State University			1,518,219		2,500,000	
State College of Science			229,432			
Dickinson State University			121,052			
Mayville State University			277,783			
Minot State University			304,220			
Valley City State University			115,105			
Dakota College at Bottineau			3,417,746			
Forest Service						
Total other funds	$39,490	$0	$13,907,667	$0	$5,000,000	$0

	Adds Funding for Capital Projects[7]	Adjusts Funding for Capital Building Funds[8]	Adjusts Forest Service Funding[9]	Total Other Funds Changes
University System Office				$39,490
Bismarck State College		($827,696)		520,276
Lake Region State College		(273,526)		(185,500)
Williston State College		(159,918)		4,348,244
University of North Dakota	$25,000,000	(6,669,856)		22,620,027
UND Medical Center				190,067
North Dakota State University		(6,602,620)		(2,584,401)
State College of Science	30,000,000	(536,592)		29,692,840
Dickinson State University		(419,918)		(298,866)
Mayville State University		(353,774)		(75,991)
Minot State University		(897,226)		(593,006)
Valley City State University		(410,412)		(295,307)
Dakota College at Bottineau	2,500,000	(145,572)		5,772,174
Forest Service				
Total other funds	$57,500,000	($17,297,110)	$0	$59,150,047

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House Bill No. 1003 - North Dakota University System - All Funds Summary

	Base Budget	House Version	Senate Changes	Senate Version
University System Office	$128,051,636	$137,139,110	$10,940,193	$148,079,303
Bismarck State College	103,592,595	100,824,502	670,720	101,495,222
Lake Region State College	36,811,715	41,390,022	(122,814)	41,267,208
Williston State College	28,216,101	29,729,665	5,403,044	35,132,709
University of North Dakota	868,966,540	1,019,612,441	25,496,859	1,045,109,300
UND Medical Center	205,926,712	221,782,733	190,067	221,972,800
North Dakota State University	740,472,371	841,887,616	(2,213,749)	839,673,867
State College of Science	92,694,989	97,843,036	29,869,790	127,712,826
Dickinson State University	47,544,670	49,955,579	302,217	50,257,796
Mayville State University	44,556,753	48,544,353	14,252	48,558,605
Minot State University	101,809,895	104,947,947	(377,652)	104,570,295
Valley City State University	48,900,159	47,919,475	1,331,550	49,251,025
Dakota College at Bottineau	17,282,118	18,451,501	5,809,657	24,261,158
Forest Service	15,077,175	15,307,224	34,840	15,342,064
Total all funds	$2,479,903,429	$2,775,335,204	$77,348,974	$2,852,684,178
FTE	6,767.76	6,609.87	0.00	6,609.87

Detail of Senate Changes to All Funds

	Adjusts Funding for University System Office[1]	Provides Funding Formula Adjustments[2]	Adjusts Special Funds[3]	Establishes a School of Law Line Item[4]	Adds One-Time Funding for Research Digital Initiative[5]	Adds One-Time Funding for Theodore Roosevelt Digitization[6]
University System Office	$10,940,193					
Bismarck State College		$150,444	$1,347,972			
Lake Region State College		62,686	88,026			
Williston State College		1,054,800	4,508,162			
University of North Dakota		2,876,832	1,789,883		$2,500,000	
UND Medical Center			190,067			
North Dakota State University		370,652	1,518,219		2,500,000	
State College of Science		176,950	229,432			
Dickinson State University		101,083	121,052			$500,000
Mayville State University		90,243	277,783			
Minot State University		215,354	304,220			
Valley City State University		1,626,857	115,105			
Dakota College at Bottineau		37,483	3,417,746			
Forest Service						
Total all funds	$10,940,193	$6,763,384	$13,907,667	$0	$5,000,000	$500,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adds Funding for Capital Projects[7]	Adjusts Funding for Capital Building Funds[8]	Adjusts Forest Service Funding[9]	Total All Funds Changes
University System Office				$10,940,193
Bismarck State College		($827,696)		670,720
Lake Region State College		(273,526)		(122,814)
Williston State College		(159,918)		5,403,044
University of North Dakota	$25,000,000	(6,669,856)		25,496,859
UND Medical Center				190,067
North Dakota State University		(6,602,620)		(2,213,749)
State College of Science	30,000,000	(536,592)		29,869,790
Dickinson State University		(419,918)		302,217
Mayville State University		(353,774)		14,252
Minot State University		(897,226)		(377,652)
Valley City State University		(410,412)		1,331,550
Dakota College at Bottineau	2,500,000	(145,572)		5,809,657
Forest Service			$34,840	34,840
Total all funds	$57,500,000	($17,297,110)	$34,840	$77,348,974
FTE	0.00	0.00	0.00	0.00

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[1] Funding for the North Dakota University System office is adjusted as detailed in the schedules below:

The following schedule details funding adjustments for system governance:

System Governance

	General Fund	Other Funds	Total
Salary adjustment	($1,055)	$589	($466)
Western Interstate Commission for Higher Education dues	45,000	0	45,000
Total	$43,945	$589	$44,534

The following schedule details funding adjustments for core technology services:

Core Technology Services

	General Fund	Other Funds	Total
Salary adjustment	$56,758	$38,901	$95,659

The following schedule details funding adjustments in other line items in the University System office budget:

Other Line Items

	General Fund Adjustments to Other Line Items		
	House Version	Senate Adjustments	Senate Version
Competitive research programs	$6,027,750	($342,000)	$5,685,750
NASA EPSCoR	0	342,000	342,000
Challenge grants	2,200,000	10,300,000	12,500,000
Tribal college grants	500,000	500,000	1,000,000
Total	$8,727,750	$10,800,000	$19,527,750

[2] The following adjustments are made to institution general fund appropriations through the higher education funding formula:

	Credit Hour Completion Adjustment	Salary Adjustment	School of Law Adjustment	Cost of Living Adjustment	Total
Bismarck State College	$0	$150,444	$0	$0	$150,444
Lake Region State College	0	62,686	0	0	62,686
Williston State College	0	56,013	0	998,787	1,054,800
University of North Dakota (UND)	0	642,150	2,234,682	0	2,876,832
North Dakota State University	0	370,652	0	0	370,652
North Dakota State College of Science	0	176,950	0	0	176,950
Dickinson State University	0	101,083	0	0	101,083
Mayville State University	0	90,243	0	0	90,243
Minot State University	0	215,354	0	0	215,354
Valley City State University	1,443,717	183,140	0	0	1,626,857
Dakota College at Bottineau	0	37,483	0	0	37,483
Total	$1,443,717	$2,086,198	$2,234,682	$998,787	$6,763,384

[3] The following adjustments are made to institution other funds appropriations:

	Salary Adjustment	Updated Other Funds Estimate	Total
Bismarck State College	$258,585	$1,089,387	$1,347,972
Lake Region State College	88,026	0	88,026
Williston State College	65,468	4,442,694	4,508,162
UND	1,789,883	0	1,789,883
UND School of Medicine	190,067	0	190,067
North Dakota State University	1,518,219	0	1,518,219
North Dakota State College of Science	229,432	0	229,432
Dickinson State University	121,052	0	121,052
Mayville State University	277,783	0	277,783
Minot State University	304,220	0	304,220
Valley City State University	115,105	0	115,105
Dakota College at Bottineau	59,159	3,358,587	3,417,746
Total	$5,016,999	$8,890,668	$13,907,667

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[4] Funding is transferred from UND's operations line item to the school of law line item, including $11,016,618 from the general fund and $8,409,030 from other funds.

[5] One-time funding of $5 million is added from Bank of North Dakota profits, including $2.5 million each for UND and North Dakota State University, for the research digital initiative.

[6] One-time funding of $500,000 from the general fund is added to provide a total of $750,000 from the general fund for the digitization of documents at the Theodore Roosevelt Center.

[7] One-time funding is added for the following capital building projects:

	Other Funds
UND parking lot projects (revenue bonds)	$10,000,000
UND deferred maintenance (appropriation bonds)	15,000,000
North Dakota State College of Science workforce career academy (gifts, donations, and nonstate grants)	30,000,000
Dakota College at Bottineau dining facility (revenue bonds)	2,500,000
Total	$57,500,000

[8] The 1 percent tuition increase component of the Tier II capital building fund program is removed as follows:

	1 Percent Tuition Increase	Institution Match	Total
Bismarck State College	($413,848)	($413,848)	($827,696)
Lake Region State College	(136,763)	(136,763)	(273,526)
Williston State College	(79,959)	(79,959)	(159,918)
UND	(3,334,928)	(3,334,928)	(6,669,856)
North Dakota State University	(3,301,310)	(3,301,310)	(6,602,620)
North Dakota State College of Science	(268,296)	(268,296)	(536,592)
Dickinson State University	(209,959)	(209,959)	(419,918)
Mayville State University	(176,887)	(176,887)	(353,774)
Minot State University	(448,613)	(448,613)	(897,226)
Valley City State University	(205,206)	(205,206)	(410,412)
Dakota College at Bottineau	(72,786)	(72,786)	(145,572)
Total	($8,648,555)	($8,648,555)	($17,297,110)

[9] Funding for the Forest Service is adjusted to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of $120 and a maximum monthly increase of $200, and 2.5 percent on July 1, 2020. The House provided funding for a 2 percent salary increase on July 1, 2019, and a 2 percent salary increase on July 1, 2020.

House Bill No. 1003 - Other Changes - Senate Action

This amendment also:

- Adds a 2017-19 biennium appropriation of $491,850 from the general fund for Williston State College due to a funding formula error.
- Adds a 2017-19 biennium appropriation of $250,000 from the general fund for a UND School of Law challenge grant program.
- Adds a 2017-19 biennium appropriation of $3 million from the general fund for campus workforce initiative projects.
- Removes 3 sections added by the House relating to facility space and maintenance reserves.
- Provides for the sale of certain properties owned by UND.
- Provides appropriation bond authority for UND deferred maintenance projects.
- Provides revenue bond authority for UND parking lot projects and the Dakota College at Bottineau dining facility project.
- Reduces the matching requirement for Tier III capital building fund money to provide for a dollar-to-dollar match.
- Provides authority to use capital building fund money for additional capital projects.
- Adjusts the tuition rate increase limitation to limit certain resident undergraduate tuition rate increases to 4 percent per year.

Att 1 HB 1003
4/17/19

Prepared by the Legislative Council staff
for Senator Holmberg
April 11, 2019

HOUSE BILL NO. 1003
LISTING OF PROPOSED CHANGES TO BILL

Department - North Dakota University System

Proposed funding changes:

	Description	FTE	General Fund	Special Funds	Total
1	Adjust funding for the compensation package		$2,176,741	$5,056,489	$7,233,230
2	Increase funding for WICHE dues to provide a total of $339,000		$45,000	$0	$45,000
3	Increase funding for tribal college grants to provide a total of $1 million		$500,000	$0	$500,000
4	Increase funding for VCSU relating to a funding formula error		$1,443,717	$0	$1,443,717
5	Increase the UND School of Law credit weighting factor in the funding formula from 10.5 to 13.3		$2,234,682	$0	$2,234,682
6	Add a cost of living factor to the funding formula, which would increase the appropriation for WSC		$998,787	$0	$998,787
7	Increase BSC, DCB, and WSC other funds authority to reflect updated estimates of other funds available		$0	$8,890,668	$8,890,668
8	Increase one-time funding for challenge grants to provide $12.5 million total		$10,300,000	$0	$10,300,000
9	Increase one-time funding for DSU Theodore Roosevelt digitization		$500,000	$0	$500,000
10	Add one-time funding from BND profits for the research digital initiative, of which 1/2 is appropriated to UND and 1/2 to NDSU		$0	$5,000,000	$5,000,000
11	Add one-time funding from appropriation bond proceeds (to be repaid by UND) for UND deferred maintenance projects		$0	$15,000,000	$15,000,000
12	Add one-time funding from revenue bond proceeds for UND parking lot projects		$0	$10,000,000	$10,000,000
13	Add one-time funding from gifts, donations, and nonstate grants for NDSCS Fargo career academy		$0	$30,000,000	$30,000,000
14	Add one-time funding from revenue bond proceeds for DCB dining facility		$0	$2,500,000	$2,500,000
15	Remove the tuition increase component of the capital building fund program		$0	($17,297,110)	($17,297,110)
	Total proposed funding changes		$18,198,927	$59,150,047	$77,348,974

Other proposed changes:

1. Create a separate line item for NASA EPSCoR and transfer $342,000 from the competitive research programs line item to the new line.
2. Create a separate line item for the UND School of Law and transfer $11,016,618 from the general fund and $8,409,030 from other funds from the UND operations line item to the new line.
3. Provide a 2017-19 biennium appropriation of $491,850 from the general fund to WSC relating to a funding formula error.
4. Provide a 2017-19 biennium appropriation of $250,000 from the general fund to SBHE for a UND School of Law challenge grant program.
5. Provide a 2017-19 biennium appropriation of $3,000,000 from the general fund to SBHE for a campus workforce initiative.
6. Adjust the challenge grant program to allocate $2 million each for UND and NDSU; $1.2 million each for BSC, MiSU, and NDSCS; $1 million each for MaSU, VCSU, and DSU; $500,000 each for DCB, LRSC, and WSC; and $400,000 for a pool for non-research institutions.
7. Remove sections 5, 6, and 7 added by the House relating to facility space and maintenance reserves.
8. Authorize UND to sell the Gallery Apartments and 1225 Stanford Road properties.
9. Reduce the matching fund requirement for Tier III capital building fund moneys to provide for a $1 to $1 match.
10. Authorize the use of capital building fund moneys for projects under $700,000 and the LRSC precision agriculture center, the NDSCS Hektner Student center, MiSU emergency generators, VCSU life safety projects, and the DCB Nelson Science Center.
11. Adjust tuition increase limitations to allow increases of up to 4% per year and exempt differentiated tuition rates for higher cost programs from the increase limitation.

Att 1 4/18/19
HB 1003

Prepared by the Legislative Council staff
for Conference Committee
April 18, 2019

HOUSE BILL NO. 1003
LISTING OF PROPOSED CHANGES TO THE HOUSE VERSION

Department - North Dakota University System

Proposed funding changes:

	Description	FTE	General Fund	Special Funds	Total
1	**Adjust funding for the compensation package**		**$2,176,741**	**$5,056,489**	**$7,233,230**
2	Increase funding for WICHE dues to provide a total of $339,000		$45,000	$0	$45,000
3	Increase funding for tribal college grants to provide a total of $1 million		$500,000	$0	$500,000
4	Increase funding for VCSU relating to a funding formula error		$1,443,717	$0	$1,443,717
5	Increase the UND School of Law credit weighting factor in the funding formula from 10.5 to 13.3		$2,234,682	$0	$2,234,682
6	Add a cost of living factor to the funding formula, which would increase the appropriation for WSC		$998,787	$0	$998,787
7	Increase BSC, DCB, and WSC other funds authority to reflect updated estimates of other funds available		$0	$8,890,668	$8,890,668
8	Increase one-time funding for challenge grants to provide $12.5 million total		$10,300,000	$0	$10,300,000
9	Increase one-time funding for DSU Theodore Roosevelt digitization		$500,000	$0	$500,000
10	Add one-time funding from BND profits for the research digital initiative, of which 1/2 is appropriated to UND and 1/2 to NDSU		$0	$5,000,000	$5,000,000
11	Add one-time funding from appropriation bond proceeds (to be repaid by UND) for UND deferred maintenance projects		$0	$15,000,000	$15,000,000
12	Add one-time funding from revenue bond proceeds for UND parking lot projects		$0	$10,000,000	$10,000,000
13	Add one-time funding from revenue bond proceeds for DCB dining facility		$0	$2,500,000	$2,500,000
14	Remove the tuition increase component of the capital building fund program		$0	($17,297,110)	($17,297,110)
	Total proposed funding changes		$18,198,927	$29,150,047	$47,348,974

Other proposed changes:

1 Create a separate line item for NASA EPSCoR and transfer $342,000 from the competitive research programs line item to the new line.

2 Create a separate line item for the UND School of Law and transfer $11,016,618 from the general fund and $8,409,030 from other funds from the UND operations line item to the new line.

3 Provide a 2017-19 biennium appropriation of $491,850 from the general fund to WSC relating to a funding formula error.

4 Provide a 2017-19 biennium appropriation of $250,000 from the general fund to SBHE for a UND School of Law challenge grant program.

5 Provide a 2017-19 biennium appropriation of $3,000,000 from the general fund to SBHE for a campus workforce initiative.

6 Adjust the challenge grant program to allocate $2 million each for UND and NDSU; $1.2 million each for BSC, MiSU, and NDSCS; $1 million each for MaSU, VCSU, and DSU; $500,000 each for DCB, LRSC, and WSC; and $400,000 for a pool for non-research institutions.

7 Remove sections 5, 6, and 7 added by the House relating to facility space and maintenance reserves.

8 Authorize UND to sell the Gallery Apartments and 1225 Stanford Road properties.

9 Reduce the matching fund requirement for Tier III capital building fund moneys to provide for a $1 to $1 match.

10 Authorize the use of capital building fund moneys for projects under $700,000 and the LRSC precision agriculture center, the NDSCS Hektner Student center, MiSU emergency generators, VCSU life safety projects, and the DCB Nelson Science Center.

11 Adjust tuition increase limitations to allow increases of up to 4% per year and exempt differentiated tuition rates for higher cost programs from the increase limitation.

Att 1 HB 1003
4/19/19

Prepared by the Legislative Council staff
for Conference Committee
April 19, 2019

HOUSE BILL NO. 1003
LISTING OF PROPOSED CHANGES TO THE HOUSE VERSION

Department - North Dakota University System

Proposed funding changes:

	Description	FTE	General Fund	Special Funds	Total
1	**Adjust funding for the compensation package**		**$2,176,741**	**$5,056,489**	**$7,233,230**
2	**Increase funding for WICHE dues to provide a total of $339,000**		**$45,000**	**$0**	**$45,000**
3	Increase funding for tribal college grants to provide a total of $1 million		$500,000	$0	$500,000
4	**Increase funding for VCSU relating to a funding formula error**		**$1,443,717**	**$0**	**$1,443,717**
5	**Increase the UND School of Law credit weighting factor in the funding formula from 10.5 to 13.3**		**$2,234,682**	**$0**	**$2,234,682**
6	Add a cost of living factor to the funding formula, which would increase the appropriation for WSC		$998,787	$0	$998,787
7	**Increase BSC, DCB, and WSC other funds authority to reflect updated estimates of other funds available**		**$0**	**$8,890,668**	**$8,890,668**
8	Increase one-time funding for challenge grants to provide $12.5 million total		$10,300,000	$0	$10,300,000
9	Increase one-time funding for DSU Theodore Roosevelt digitization		$500,000	$0	$500,000
10	Add one-time funding from BND profits for the research digital initiative, of which 1/2 is appropriated to UND and 1/2 to NDSU		$0	$5,000,000	$5,000,000
11	Add one-time funding from appropriation bond proceeds (to be repaid by UND) for UND deferred maintenance projects		$0	$15,000,000	$15,000,000
12	Add one-time funding from revenue bond proceeds for UND parking lot projects		$0	$10,000,000	$10,000,000
13	**Add one-time funding from revenue bond proceeds for DCB dining facility**		**$0**	**$2,500,000**	**$2,500,000**
14	Remove the tuition increase component of the capital building fund program		$0	($17,297,110)	($17,297,110)
	Total proposed funding changes		$18,198,927	$29,150,047	$47,348,974

Other proposed changes:

1. Create a separate line item for NASA EPSCoR and transfer $342,000 from the competitive research programs line item to the new line.
2. **Provide a 2017-19 biennium appropriation of $491,850 from the general fund to WSC relating to a funding formula error.**
3. Provide a 2017-19 biennium appropriation of $250,000 from the general fund to SBHE for a UND School of Law challenge grant program.
4. Adjust the challenge grant program to allocate $2 million each for UND and NDSU; $1.2 million each for BSC, MiSU, and NDSCS; $1 million each for MaSU, VCSU, and DSU; $500,000 each for DCB, LRSC, and WSC; and $400,000 for a pool for non-research institutions.
5. **Remove sections 5, 6, and 7 added by the House relating to facility space and maintenance reserves.**
6. **Authorize UND to sell the Gallery Apartments and 1225 Stanford Road properties.**
7. Reduce the matching fund requirement for Tier III capital building fund moneys to provide for a $1 to $1 match.
8. **Authorize the use of capital building fund moneys for projects under $700,000 and the LRSC precision agriculture center, the NDSCS Hektner Student center, MiSU emergency generators, VCSU life safety projects, and the DCB Nelson Science Center.**
9. Adjust tuition increase limitations to allow increases of up to 4% per year and exempt differentiated tuition rates for higher cost programs from the increase limitation.
10. **Amend 15-10-12.1 to allow Budget Section approval of building projects that, net of removed buildings, don't result in additional square footage on campus.**

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Use of Bank of North Dakota Profits		
HB 1003	Capital building fund	15,000,000
	Research digital initiative	5,000,000
HB 1014	Transfer to general fund	140,000,000
	PACE	26,000,000
	AgPACE	3,000,000
	Biofuels PACE	1,000,000
	Beginning farmer loan fund	6,000,000
	Development fund	15,000,000
HB 1171	Skilled workforce student loan/scholarship	6,000,000
HB 1333	Innovation fund for technology development	15,000,000
HB 1435	SIRN	20,000,000
SB 2009	APUC	2,000,000
	TOTAL	254,000,000

Att 1 HB 1003 4/23/2019

Prepared by the Legislative Council staff
for Conference Committee
April 23, 2019

HB 1003 - LISTING OF PROPOSED CHANGES TO THE HOUSE VERSION

Department - North Dakota University System

Proposed funding changes:

	Description	FTE	General Fund	Special Funds	Total
1	Adjust funding for the compensation package		$2,261,569	$5,056,489	$7,318,058
2	Increase funding for WICHE dues to provide a total of $339,000		$45,000	$0	$45,000
3	Increase funding for tribal college grants to provide a total of $1 million		$500,000	$0	$500,000
4	Increase funding for VCSU relating to a funding formula error		$1,443,717	$0	$1,443,717
5	Increase the UND School of Law credit weighting factor in the funding formula from 10.5 to 13.3		$2,234,682	$0	$2,234,682
6	Increase the UND School of Law credit weighting factor in the funding formula to		$558,700	$0	$558,700
7	Add a cost of living factor to the funding formula which would increase the appropriation for WSC		$0	$0	$0
8	Increase BSC, DCB, and WSC other funds authority to reflect updated estimates of other funds available		$0	$8,890,668	$8,890,668
9	Increase one-time funding for challenge grants to provide $9.4 million total (5)		$7,200,000	$0	$7,200,000
10	Adjust one-time funding for DSU Theodore Roosevelt digitization to provide a total of $750,000 (4)		($50,000)	$0	($50,000)
11	Add one-time funding from BND profits for campus network upgrades, of which 1/2 is appropriated to UND and 1/2 to NDSU		$0	$3,000,000	$3,000,000
12	Adjust one-time funding for Tier III capital building fund to provide $2 million from the general fund and $7 million from BND profits		($2,000,000)	$2,000,000	$0
13	Add one-time funding from appropriation bond proceeds (to be repaid by UND) for UND deferred maintenance and parking projects		$0	$30,000,000	$30,000,000
14	Add one-time funding from revenue bond proceeds for DCB dining facility		$0	$2,500,000	$2,500,000
15	Remove the tuition increase component of the capital building fund program		$0	($17,297,110)	($17,297,110)
16	Remove ongoing funding for STEM loan forgiveness program (HB 1171)		($500,000)	$0	($500,000)
17	Add one-time funding for UND School of Law challenge grant program		$250,000	$0	$250,000
18	Add NDUS office ongoing funding for increased audit fees		$250,000	$0	$250,000
	Total proposed funding changes		$12,193,668	$34,150,047	$46,343,715

Other proposed changes:

1. Create a separate line item for NASA EPSCoR and transfer $342,000 from the competitive research programs line item to the new line.
2. **Provide a 2017-19 biennium appropriation of $491,850 from the general fund to WSC relating to a funding formula error.**
3. Provide a 2017-19 biennium appropriation of $2.7 million from the general fund to SBHE for a campus workforce initiative, including $1 million for the BSC polytechnic model, $1 million for the DSU dual mission model, and $700,000 for WSC.
4. Provide a 2017-19 biennium appropriation of $550,000 from the general fund to DSU for Theodore Roosevelt digitization.
5. Adjust the challenge grant program to allocate $1.7 million each for UND and NDSU; $950,000 each for BSC, MiSU, and NDSCS; $700,000 each for MaSU, VCSU, and DSU; and $350,000 each for DCB, LRSC, and WSC. Also establish a UND School of Law program.
6. **Remove sections 5, 6, and 7 added by the House relating to facility space and maintenance reserves.**
7. **Authorize UND to sell the Gallery Apartments and 1225 Stanford Road properties.**
8. Reduce the matching fund requirement for Tier III capital building fund moneys to provide for a $1 to $1 match.
9. **Authorize the use of capital building fund moneys for projects under $700,000 and the LRSC precision agriculture center, the NDSCS Hektner Student center, MiSU emergency generators, VCSU life safety projects, and the DCB Nelson Science Center.**
10. Adjust tuition increase limitations to allow increases of up to 4% per year and exempt differentiated tuition rates for higher cost programs from the increase limitation.
11. **Amend 15-10-12.1 to allow Budget Section approval of building projects that, net of removed buildings, don't result in additional square footage on campus.**
12. Create a new section to chapter 15-10 to provide a repayment provision for PSEP.

Att 1 HB 1003 4/23/2019

Prepared by the Legislative Council staff
for Conference Committee
April 23, 2019 - 7 pm

HB 1003 - LISTING OF PROPOSED CHANGES TO THE HOUSE VERSION

Department - North Dakota University System

Proposed funding changes:

	Description	FTE	General Fund	Special Funds	Total
1	Adjust funding for the compensation package		$2,261,569	$5,056,489	$7,318,058
2	Increase funding for WICHE dues to provide a total of $339,000		$45,000	$0	$45,000
3	Increase funding for tribal college grants to provide a total of $1 million		$500,000	$0	$500,000
4	Increase funding for VCSU relating to a funding formula error		$1,443,717	$0	$1,443,717
5	Increase the UND School of Law credit weighting factor in the funding formula from 10.5 to 14		$2,793,382	$0	$2,793,382
6	Increase BSC, DCB, and WSC other funds authority to reflect updated estimates of other funds available		$0	$8,890,668	$8,890,668
7	Adjust one-time funding for DSU Theodore Roosevelt digitization to provide a total of $750,000 (4)		($50,000)	$0	($50,000)
8	Increase one-time funding for challenge grants to provide $9.4 million total (5)		$7,200,000	$0	$7,200,000
9	Add one-time funding from BND profits for campus network upgrades, of which 1/2 is appropriated to UND and 1/2 to NDSU		$0	$3,000,000	$3,000,000
10	Adjust one-time funding for Tier III capital building fund to provide $2 million from the general fund and $7 million from BND profits		($2,000,000)	$2,000,000	$0
11	Add one-time funding from appropriation bond proceeds (to be repaid by UND) for UND deferred maintenance and parking projects		$0	$30,000,000	$30,000,000
12	Add one-time funding from revenue bond proceeds for DCB dining facility		$0	$2,500,000	$2,500,000
13	Remove the tuition increase component of the capital building fund program		$0	($17,297,110)	($17,297,110)
14	Remove ongoing funding for STEM loan forgiveness program (HB 1171)		($500,000)	$0	($500,000)
15	Add one-time funding for UND School of Law challenge grant program		$250,000	$0	$250,000
16	Add NDUS office ongoing funding for increased audit fees		$250,000	$0	$250,000
	Total proposed funding changes		$12,193,668	$34,150,047	$46,343,715

Other proposed changes:

1. Create a separate line item for NASA EPSCoR and transfer $342,000 from the competitive research programs line item to the new line. Also provide for a Legislative Management study of EPSCoR.
2. Provide a 2017-19 biennium appropriation of $491,850 from the general fund to WSC relating to a funding formula error.
3. Provide a 2017-19 biennium appropriation of $2.7 million from the general fund to SBHE for a campus workforce initiative, including $1 million for the BSC polytechnic model, $1 million for the DSU dual mission model, and $700,000 for WSC.
4. Provide a 2017-19 biennium appropriation of $550,000 from the general fund to DSU for Theodore Roosevelt digitization.
5. Adjust the challenge grant program to allocate $1.7 million each for UND and NDSU; $950,000 each for BSC, MiSU, and NDSCS; $700,000 each for MaSU, VCSU, and DSU; and $350,000 each for DCB, LRSC, and WSC. Also establish a UND School of Law program.

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6 Remove sections 5, 6, and 7 added by the House relating to facility space and maintenance reserves.
7 Authorize UND to sell the Gallery Apartments and 1225 Stanford Road properties.
8 Keep a $2-$1 match for Tier III and allow access to Tier II and Tier III after 75% of extraordinary repairs funding (Tier I) has been matched.
9 Authorize the use of capital building fund moneys for projects under $700,000 and the LRSC precision agriculture center, the NDSCS Hektner Student center, MiSU emergency generators, VCSU life safety projects, and the DCB Nelson Science Center.
10 Adjust tuition increase limitations to allow increases of up to 4% per year and exempt differentiated tuition rates for higher cost programs from the increase limitation.
11 Amend 15-10-12.1 to allow Budget Section approval of building projects that, net of removed buildings, don't result in additional square footage on campus.
12 Create a new section to chapter 15-10 to provide a repayment provision for PSEP.
13 Create a new section to chapter 15-10 to relating to the Ray Richards golf course and the UND men's golf program.
14 Provide that the new LRSC precision agriculture building be named the Curt Hofstad Precision Agriculture Center.

19.0191.02006
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Prepared by the Legislative Council staff for
Senator Holmberg
April 12, 2019

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1003

Page 1, line 2, replace the second "and" with a comma

Page 1, line 4, after "authorization" insert ", and a new section to chapter 15-10.4 of the North Dakota Century Code, as created by section 1 of Senate Bill No. 2320, as approved by the sixty-sixth legislative assembly"

Page 1, line 4, after the comma insert "15-10.4-02 of the North Dakota Century Code, as created by section 1 of Senate Bill No. 2320, as approved by the sixty-sixth legislative assembly,"

Page 1, line 10, after the first semicolon insert "to provide a penalty;"

Page 1, line 11, after the semicolon insert "to provide an effective date;"

Page 16, after line 4, insert:

"**SECTION 8. AMENDMENT.** Section 15-10.4-02 of the North Dakota Century Code, as created by section 1 of Senate Bill No. 2320, as approved by the sixty-sixth legislative assembly, is amended and reenacted as follows:

15-10.4-02. Adoption of campus free speech policy.

1. By August 27, 2019, the state board of higher education and each institution shall adopt a policy that:

~~1.~~ a. Protects students' rights to free speech, assembly, and expression;

~~2.~~ b. Permits institutions to establish and enforce reasonable and constitutional time, place, and manner restrictions on free speech, assembly, and expression;

~~3.~~ c. Permits students, faculty, or student organizations to invite guest speakers or groups to present regardless of the viewpoint or content of the anticipated speech of the guest speaker or group; ~~and~~

~~4.~~ d. Protects the academic freedom and free speech rights of faculty while adhering to guidelines established by the American association of university professors~~.~~; and

e. Complies with the following principles of free speech:

(1) An institution shall maintain the generally accessible, open, outdoor areas of its campus as traditional public forums for free speech by students, faculty, and invited guests, subject to reasonable time, place, and manner restrictions;

(2) An institution may not restrict students' free speech to particular areas of campus, sometimes known as "free speech zones";

(3) An institution may not deny student activity fee funding to a student organization based on the viewpoints the student organization advocates;

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(4) An institution may not establish permitting requirements prohibiting spontaneous outdoor assemblies or outdoor distribution of literature, except that an institution may maintain a policy granting an individual or organization the right to reserve the exclusive use of certain outdoor spaces, and may prohibit spontaneous assemblies or distribution of literature inside reserved outdoor spaces;

(5) An institution may not charge a student or a student organization a security fee based on the content of the student's or student organization's speech, the content of the speech of guest speakers invited by the student or student organization, or the anticipated reaction or oppositions of listeners to speech. The institution may not charge the student or student organization any fees that exceed the actual costs incurred by the institution, and the institution shall refund any overpayment. An institution shall set forth empirical and objective criteria for calculating such fees, and the criteria must be made available to the public;

(6) An institution shall allow all students, student organizations, and faculty to invite guest speakers to campus to engage in free speech regardless of the views of the guest speakers or the viewpoint or content of the anticipated speech;

(7) An institution may not compel a student, student organization, or faculty member to retract an invitation to a guest speaker to speak at the institution based on the guest speaker's viewpoints or the content of the anticipated speech; and

(8) An institution may not discriminate against a student organization with respect to a benefit available to any other student organization based on that organization's requirement that its leaders or voting members adhere to the organization's viewpoints or sincerely held beliefs or be committed to furthering the organization's beliefs or religious missions.

2. Upon adoption of the policies under this section, the state board of higher education shall provide a copy of the policies to the legislative management.

SECTION 9. A new section to chapter 15-10.4 of the North Dakota Century Code, as created by section 1 of Senate Bill No. 2320, as approved by the sixty-sixth legislative assembly, is created and enacted as follows:

Cause of action.

The attorney general or any person whose expressive rights are violated by an action prohibited under this chapter may bring an action in a court of competent jurisdiction to recover compensatory damages and reasonable court costs. If the court finds a violation of this chapter occurred, the court shall award the aggrieved party a minimum of five thousand dollars. Excluding reasonable court costs, the total compensatory damages available to a plaintiff in a case arising from a single violation of this section may not exceed twenty-five thousand dollars, regardless of the number of prevailing plaintiffs. If there are multiple plaintiffs, the court shall divide the damages equally among the plaintiffs until the maximum award is exhausted."

Page 26, after line 18, insert: Att 2 HB 1003 4/23/2019

"**SECTION 26. EFFECTIVE DATE.** Sections 8 and 9 of this Act become effective on January 1, 2020."

Page 26, line 19, replace "14, 16, 18, 19, 20, 21, and 22" with "16, 18, 20, 21, 22, 23, and 24"

Renumber accordingly

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19.0191.02009
Title.

Prepared by the Legislative Council staff for
Representative Beadle
April 22, 2019

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1003

That the Senate recede from its amendments as printed on pages 1813-1827 of the House Journal and pages 1503-1517 of the Senate Journal and that Engrossed House Bill No. 1003 be amended as follows:

Page 1, line 2, after "15" insert ", a new section to chapter 15-10,"

Page 1, line 4, replace the first "and" with a comma

Page 1, line 4, after "authorization" insert ", and open educational resources"

Page 8, after line 7, insert:

"**SECTION 3.** A new section to chapter 15-10 of the North Dakota Century Code is created and enacted as follows:

Costs of offered courses - Open educational resources.

When possible, an institution under the control of the state board of higher education shall disclose the costs unique to an offered course which a student must incur to fulfill the requirements of the course, and whether the course utilizes an open educational resource. For purposes of this section, "open educational resource" means a teaching, learning, or research resource offered freely to users in at least one form and which:

1. Resides in the public domain; or

2. Has been released under an open copyright license allowing free use, reuse, modification, and sharing with attribution."

Page 26, line 19, replace "14, 16, 18, 19, 20, 21" with "15, 17, 19, 20, 21, 22"

Page 26, line 19, replace "22" with "23"

Renumber accordingly