

TO: Members, Budget Section

FROM: Laura Glatt, Vice Chancellor for Administrative Affairs

DATE: September 1, 2011

RE: Local Fund Match

NDCC 15-10-12.3 requires reporting disclosure on local fund matching for projects approved by the legislative assembly. It states: “all local funds to be used for the project must be derived from sources that have been presented to and approved by the legislative assembly or the budget section pursuant to section 15-10-12.1. The source of any local matching funds required for state-funded or bonded projects must be funds raised and designated for the project and may not include funding from the state general fund, state and federal grant and contract funds, tuition or fees, endowment or investment income, institutional sales and services income including indirect and administrative costs, or transfers or loans from other institutions' funds or agency funds unless the institution has received prior approval from the legislative assembly or from the budget section pursuant to section 15-10-12.1.”

Attached is a report of the state-funded projects that were authorized for 2009-11, which included a legislatively mandated match requirement associated with the state appropriation, as well as projects that were carried over from previous biennia. The 2009-11 projects are located at BSC and WSC, and the carryover projects are located at the UND, NDSU, MiSU and the NDSU Main Research Centers.

The attached report includes the following:

- Columns 1-3 = Original legislative appropriation by funding source;
- Column 4 = Additional budget section and/or legislative appropriation authority;
- Columns 5-8 = Total adjusted appropriation authority by funding source;
- Columns 9-12 = Total cumulative expenditures through 6-30-11 by funding source;
- Footnotes for each project include details regarding each of the above, as appropriate.

I am pleased to report that the 2007-09 project at UND is complete and stayed within the overall appropriation authority and within the local match requirements. The 2007-09 project at MiSU is also complete and within the overall appropriation authority, however the local funding sources were not legislatively approved. This is a separate agenda item. The remaining projects at BSC, WSC, NDSU and the NDSU Main Research Center were not completed as of June 30, 2011, and will be carried over to 2011-13. Thus, the final project expenditures will be included in the next report for the 2011-13 biennium.

North Dakota University System
2009-11 State Funded Major Capital Projects With Local Match Requirements and Carryover Projects from 2007-09 and 2005-07

Campus & Project	(1)	(2)	(3)	(4)	(5) (6) (7) (8) Adjusted Appropriation Authority				(9) (10) (11) (12) Cumulative Expenditures Through 6/30/11			
	2009-11 Original Appropriation			Additional Budget Section or Legis Authority	General Fund or (Perm Oil Trust at WSC) Local Federal Total				General Fund or (Perm Oil Trust at WSC) Local Federal Total			

Projects Authorized in 2009-11 (SB2003)

Bismarck State College

Tech Center Renovation	\$ 3,000,000	\$ 409,500	\$ 3,409,500	\$ 116,638	\$ 3,000,000	\$ 526,138	\$ 3,526,138	\$ 2,763,085	\$ 475,804	\$ -	\$ 3,238,889
------------------------	--------------	------------	--------------	------------	--------------	------------	--------------	--------------	------------	------	--------------

The 2009-11 legislature appropriated \$3 million general fund and \$409,500 local fund authority for the project. The Budget Section authorized an additional \$116,638 other fund authority, from DOC grant and matching funds in December 2010.

Project costs through June 30, 2011, totaled \$3,238,889, consisting of \$2,763,085 General Fund and \$475,804 from the Local Match. The source of the Local Match is Bismarck School District (\$409,500) and Department of Commerce Workforce Enhancement Grant and required match (\$66,304).

The project is not complete as of 6/30/11; substantial completion and occupancy is expected September 2011, and final completion is expected November 2011.

Williston State College

Virtual Career & Technical Center	\$ 5,000,000	\$ 1,000,000	\$ 6,000,000	\$ -	\$ 5,000,000	\$ 1,000,000	\$ 6,000,000	\$ 4,227,476	\$ -	\$ -	\$ 4,227,476
-----------------------------------	--------------	--------------	--------------	------	--------------	--------------	--------------	--------------	------	------	--------------

Project costs through June 30, 2011, totaled \$4,227,476, consisting of \$4,227,476 Permanent Oil Trust Fund and \$0 from the Local Match.

The project is not complete as of 6/30/11 and expected completion date is 09/01/2011.

Projects Originally Authorized in 2007-09 & Carried Over to 2009-11:

University of North Dakota

O'Kelly Hall-Ireland Lab Renovation	\$ 1,980,000	\$ 220,000	\$ 2,200,000	\$ -	\$ 1,980,000	\$ 220,000	\$ 2,200,000	\$ 1,961,527	\$ 217,947	\$ -	\$ 2,179,474
-------------------------------------	--------------	------------	--------------	------	--------------	------------	--------------	--------------	------------	------	--------------

Project costs through June 30, 2011, totaled \$2,179,174 consisting of \$1,961,527 General Fund Appropriation and \$217,947 from the Local Match. The source of the Local Match was unrestricted gift funds.

The project is complete as of 6/30/11, and the \$18,473 unused general fund appropriation will not be carried over to 2011-13, as it was specifically appropriated for this project.

ND State University

Minard Hall Renovation-Phase I, II and II	\$ 4,500,000	\$ 500,000	\$ 5,000,000	\$ 13,000,000	\$ 17,500,000	\$ 500,000	\$ 18,000,000	\$ 11,068,863	\$ 44,805	\$ -	\$ 11,113,668
---	--------------	------------	--------------	---------------	---------------	------------	---------------	---------------	-----------	------	---------------

In 2007-09, NDSU requested \$5 million general fund for phases I and II of this project. 2007-09 legislative adjustments resulted in a 10% local matching requirement of \$500,000. An additional \$13 million general fund was authorized in the 09-11 biennium for phase III of the project. Section 8 of HB1003 (2011) authorizes the carryover of the 07-09 and 09-11 authority and also indicates that NDSU shall report to the Budget Section regarding the status of the project, and may request increased spending authorization from the Budget Section for the project. NDSU intends to provide a status report to the Budget Section at their next meeting.

Project costs through June 30, 2011, totaled \$11,113,668 consisting of \$11,068,863 General Fund, \$703,615 Local Match and \$5 million federal funds. The source of the Local Match is NDSU Development Foundation.

The project is not complete as of 6/30/11, and the expected completion date is during FY 2012-13

Minot State University

Swain Hall Addition/Renovation	\$ 6,332,535	\$ 703,615	\$ 7,036,150	\$ 6,250,000	\$ 7,582,535	\$ 703,615	\$ 5,000,000	\$ 13,286,150	\$ 6,906,225	\$ 703,615	\$ 5,000,000	\$ 12,609,840
--------------------------------	--------------	------------	--------------	--------------	--------------	------------	--------------	---------------	--------------	------------	--------------	---------------

Minot requested \$7,036,150 general fund for this project. Legislative adjustments resulted in a 10% local matching requirement of \$703,615 for the original 07-09 appropriation.

The 2009-11 legislature increased the total appropriation authority to \$13,286,150, with an additional \$1.25 million general fund appropriation and \$5 million federal fund authorization from federal stimulus funds, and included an emergency clause.

Project costs through June 30, 2011, totaled \$12,609,840, consisting of \$6,906,225 General Fund, \$703,615 Local Match and \$5 million federal funds. The source of the Local Match is interest income from local funds investments, private donation, indirect cost recovery and local fund reserves.

The project is complete as of 6/30/11, and the remaining \$676,310 general fund authority will be carried over to 2011-13 for the physical plant building, which also has \$600,000 other fund authority.

Projects Originally Authorized in 2005-07 & Carried Over to 2009-11:

	2005-07 Original Authorization			Additional Authority	Adjusted Appropriation Authority				Total Cumulative Expenditures Through 6/30/11			
	State Bonds	Local	Total		State Bonds	General Fund	Local	Total	State Bonds	General Fund	Local	Total

NDSU Main Research Center:												
Research Greenhouse Complex	\$ 2,000,000	\$ 5,000,000	\$ 7,000,000	\$ 27,944,981	\$ 2,000,000	\$ 25,442,050	\$ 7,502,931	\$ 34,944,981	\$ 2,000,000	\$ 17,107,588	\$ 2,580,683	\$ 21,688,271

Section 1 of SB2023 (2005) stated, "The Main Research Center may obtain and utilize federal funds and other funds to assist in the construction of a greenhouse complex at the main research center. There is appropriated

to the Main Research Center the sum of \$5,000,000, or so much of the sum as may be necessary, from any federal acts, private grants, gifts and donations. or other funds that may become available for this project..."

The 2007 legislature removed all reference to "phases" for the Research Greenhouse Complex, and increased the total project authorization to \$14 million by including \$7 million in new state general fund authority, plus 2005-07 carryover

authority of \$2 million state bonding and \$5 million other funding authority. The 2009 legislature added \$11,450,400 GF to the project, and included an emergency clause.

The 2011 legislature added \$9,494,581 to the project (\$6,991,650 GF and \$2,502,931 OF) for the 2011-13 biennium (HB1020).

Project costs through June 30, 2011, totaled \$21,688,271, consisting of \$2,000,000 state bonding proceeds, \$17,107,588 state general funds, and \$2,580,683 in other funds. Sources for \$2,580,683 other funds include \$13,173 local funds, \$1,287,735 private & federal grants, \$800,000 institutional collections (sales of agricultural products and services), \$429,775 sale of mill & indirect costs, and \$50,000 gifts.

The project has an expected completion date of December 2012.