

**Department 215 - North Dakota University System Office
House Bill No. 1003**

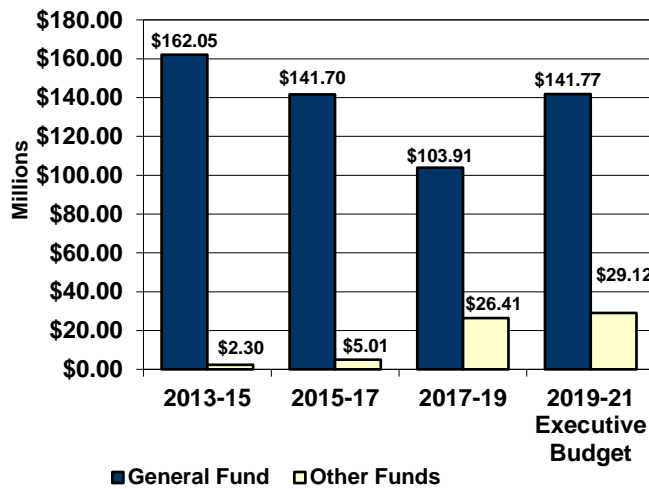
Executive Budget Comparison to Prior Biennium Appropriations

	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

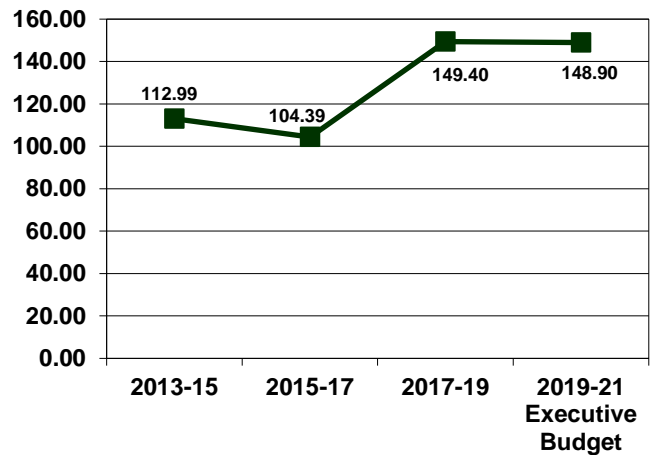
Ongoing and One-Time General Fund Appropriations

	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

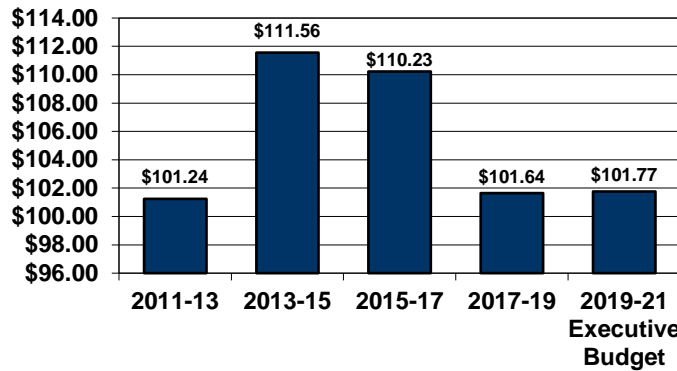
Higher education funding formula	Sections 6, 7, and 8 would make adjustments to the higher education funding formula established in North Dakota Century Code Chapter 15-18.2, including adjusting the credit weighting for medical school credits, adjusting the base credit-hour funding rates, and extending 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

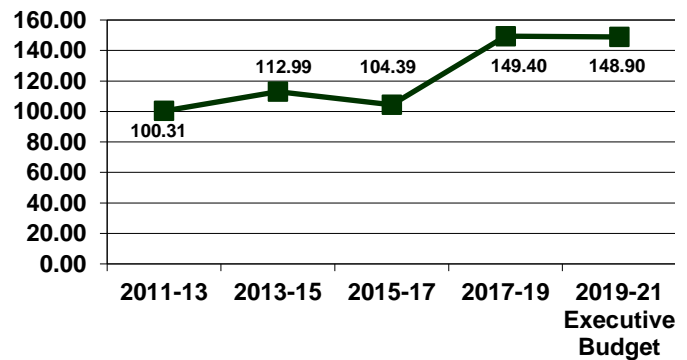
Historical Appropriations Information

Ongoing General Fund Appropriations Since 2011-13

Ongoing General Fund Appropriations (in Millions)



FTE Positions



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

- Added funding for system governance with specific uses to be determined by the State Board of Higher Education \$2,000,000
- Transferred internal audit and legal positions from system institutions to the University System office \$3,126,066
- Increased funding for needs-based student financial assistance grants \$2,220,085
- Increased funding for the professional student exchange program \$953,577

2015-17 Biennium

- Increased funding for academic and career and technical education scholarships (This item was affected by the August 2016 budget reductions) \$4,054,677
- Increased funding for student financial assistance grants (This item was affected by the August 2016 budget reductions) \$4,388,597
- Reduced funding for system governance (\$2,000,000)
- Transferred 7.6 FTE legal positions to the Attorney General (\$2,558,140)
- Transferred 3 internal audit positions to the State Auditor (\$771,964)

2017-19 Biennium

- Underfunded salaries and wages (\$578,097)
- Adjusted funding for Core Technology Services, including the removal of 1 FTE position (\$2,604,292)
- Reduced funding for student financial assistance grants (\$1,968,854)
- Reduced funding for academic and career and technical education scholarships (\$1,117,347)
- Reduced funding for competitive research grants (\$560,475)
- Eliminated funding for 2-year campus marketing (\$747,600)

2019-21 Biennium (Executive Budget Recommendation)

- 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)

**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

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
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	<u>0</u>	<u>5,000,000</u>	<u>5,000,000</u>
Total all funds	\$128,051,636	\$42,842,316	\$170,893,952
Less estimated income	<u>26,412,106</u>	<u>2,712,233</u>	<u>29,124,339</u>
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

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$101,670,034	(\$4,176,861)	\$97,493,173
Capital assets	<u>1,922,561</u>	<u>(10,348)</u>	<u>1,912,213</u>
Total all funds	\$103,592,595	(\$4,187,209)	\$99,405,386
Less estimated income	<u>72,991,998</u>	<u>(3,278,439)</u>	<u>69,713,559</u>
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

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$36,449,048	\$581,500	\$37,030,548
Capital assets	<u>362,667</u>	<u>0</u>	<u>362,667</u>
Total all funds	\$36,811,715	\$581,500	\$37,393,215
Less estimated income	<u>24,111,092</u>	<u>910,351</u>	<u>25,021,443</u>
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

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$26,954,133	\$5,052,426	\$32,006,559

Capital assets	<u>1,261,968</u>	<u>0</u>	<u>1,261,968</u>
Total all funds	\$28,216,101	\$5,052,426	\$33,268,527
Less estimated income	<u>19,855,598</u>	<u>3,791,213</u>	<u>23,646,811</u>
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

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$864,554,973	\$16,881,361	\$881,436,334
Capital assets	<u>95,411,566</u>	<u>119,411,566</u>	<u>119,411,566</u>
Total all funds	\$959,966,539	\$40,881,361	\$1,000,847,900
Less estimated income	<u>819,870,450</u>	<u>41,626,913</u>	<u>861,497,363</u>
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

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
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	<u>0</u>	<u>79,800,000</u>	<u>79,800,000</u>
Total all funds	\$817,977,371	\$60,965,793	\$878,943,164
Less estimated income	<u>689,386,329</u>	<u>62,314,410</u>	<u>751,700,739</u>
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

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$91,682,610	\$2,503,528	\$94,186,138
Capital assets	1,012,379	0	1,012,379
Capital projects - Non-State	<u>0</u>	<u>30,000,000</u>	<u>30,000,000</u>
Total all funds	\$92,694,989	\$32,503,528	\$125,198,517
Less estimated income	<u>57,605,613</u>	<u>32,669,784</u>	<u>90,275,397</u>
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

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$47,135,592	\$685,259	\$47,820,851
Capital assets	409,078	0	409,078
Digitization Project	<u>0</u>	<u>750,000</u>	<u>750,000</u>
Total all funds	\$47,544,670	\$1,435,259	\$48,979,929
Less estimated income	<u>29,737,827</u>	<u>903,660</u>	<u>30,641,487</u>
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

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$44,197,761	\$2,724,941	\$46,922,702
Capital assets	<u>358,992</u>	<u>67,648</u>	<u>426,640</u>
Total all funds	\$44,556,753	\$2,792,589	\$47,349,342
Less estimated income	<u>30,307,148</u>	<u>1,339,912</u>	<u>31,647,060</u>
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

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$100,710,275	\$297	\$100,710,572
Capital assets	<u>1,099,620</u>	<u>0</u>	<u>1,099,620</u>
Total all funds	\$101,809,895	\$297	\$101,810,192
Less estimated income	<u>62,058,916</u>	<u>1,604,344</u>	<u>63,663,260</u>
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

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$48,444,336	(\$2,742,443)	\$45,701,893
Capital assets	<u>455,823</u>	<u>3,957,520</u>	<u>4,413,343</u>
Total all funds	\$48,900,159	\$1,215,077	\$50,115,236
Less estimated income	<u>28,470,657</u>	<u>1,421,429</u>	<u>29,892,086</u>
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

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$17,168,111	\$3,422,579	\$20,590,690
Capital assets	<u>114,007</u>	<u>2,963,312</u>	<u>3,077,319</u>
Total all funds	\$17,282,118	\$6,385,891	\$23,668,009
Less estimated income	<u>9,629,173</u>	<u>6,640,948</u>	<u>16,270,121</u>
Total general fund	\$7,652,945	(\$255,057)	\$7,397,888

Full-time equivalent positions	84.30	(2.01)	82.29
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Subdivision 13

UNIVERSITY OF NORTH DAKOTA
SCHOOL OF MEDICINE AND HEALTH
SCIENCES

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$205,926,713	\$5,880,919	\$211,807,632
Healthcare Workforce Initiative	<u>0</u>	<u>10,676,150</u>	<u>10,676,150</u>
Total all funds	\$205,926,713	\$16,557,069	\$222,483,782
Less estimated income	<u>154,078,620</u>	<u>5,671,413</u>	<u>159,750,033</u>
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

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$14,958,447	\$60,874	\$15,019,321
Capital assets	<u>118,728</u>	<u>0</u>	<u>118,728</u>
Total all funds	\$15,077,175	\$60,874	\$15,138,049
Less estimated income	<u>10,650,748</u>	<u>14,652</u>	<u>10,665,400</u>
Total general fund	\$4,426,427	\$46,222	\$4,472,649
Full-time equivalent positions	27.00	0	27.00

Subdivision 15

BILL TOTAL

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Grand total general fund			

	\$613,242,154	\$48,743,948	\$661,986,102
Grand total special funds	<u>2,035,166,275</u>	<u>158,342,823</u>	<u>2,193,509,098</u>
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:

<u>One-Time Funding Description</u>	<u>2017-19</u>	<u>2019-21</u>
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	<u>2,000,000</u>	<u>40,000,000</u>
Total all funds	\$203,367,962	\$328,300,000
Total other funds	<u>49,348,194</u>	<u>287,550,000</u>
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	<u>37,600,000</u>
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.