

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

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriation	162.83	\$154,018,605 ¹	\$26,244,108	\$180,262,713 ²
2021-23 legislative appropriation	<u>158.83</u>	<u>128,198,476</u>	<u>26,232,035</u>	<u>154,430,511</u>
2023-25 appropriation increase (decrease) to 2021-23 appropriation	4.00	\$25,820,129	\$12,073	\$25,832,202

¹This amount includes \$22,119,354 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$131,899,251.

²This amount does not include any transfers of appropriation authority from the Office of Management and Budget funding pools for targeted market equity adjustments or retirement contribution increases.

Item Description

Targeted market equity - The Legislative Assembly appropriated \$82.5 million, of which \$45.1 million is from the general fund and \$37.4 million is from other funds, to the Office of Management and Budget for a targeted market equity pool to be distributed to state agencies.

One-time funding - The Legislative Assembly provided \$22,119,354 of one-time funding from the general fund for the University System office as follows:

	General Fund
Education challenge grants	\$20,000,000
Financial aid software system	1,669,354
Dakota Digital Academy	450,000
Total	\$22,119,354

Higher education challenge matching grant program - In Section 1 of House Bill No. 1003, the Legislative Assembly appropriated \$20 million from the general fund to the University System office for the higher education challenge matching grant program. The grant funds are to be distributed to eligible institution foundations to match private donations for efforts to enhance academics at institutions. For each \$2 of private donations received by a foundation, \$1 of matching funds is available through the grant program. In Section 25 of House Bill No. 1003, the Legislative Assembly provided that the North Dakota State University (NDSU) Agricultural Experiment Station is eligible for up to \$2.2 million under this program.

Status/Result

The North Dakota University System office received \$1,531,092, including \$1,304,592 from the general fund and \$226,500 from other funds, for targeted market equity increases. Equity increases were provided to 106 employees.

The following is a summary of the status of the University System office's one-time funding:

Education challenge grants	See Higher education challenge matching grant program section below.
Financial aid software system	The University System office has entered into a contract for a new cloud-based financial aid software system and anticipates completion in August 2024.
Dakota Digital Academy	See Dakota Digital Academy section below.

Through March 31, 2024, a total of \$16.8 million of challenge grants has been awarded to institution foundations as follows:

Institution Foundation	Total Grant Awards (Through April 2022)
Bismarck State College	\$1,627,449
Lake Region State College	164,495
Williston State College	600,000
University of North Dakota (UND)	2,700,000
UND School of Medicine and Health Sciences	1,566,470
NDSU	2,700,000
NDSU Agricultural Experiment Station	2,200,000
North Dakota State College of Science	1,245,597
Dickinson State University	1,007,352
Mayville State University	1,088,302
Minot State University	1,373,159
Valley City State University	261,841
Dakota College at Bottineau	266,001
Total	\$16,800,666

Extraordinary repairs - The Legislative Assembly, in House Bill No. 1003, appropriated \$11,117,046 from the general fund to the individual institutions, excluding the Forest Service, for extraordinary repairs. In Section 4 of the bill, the Legislative Assembly required institutions to match extraordinary repairs funding on a \$1 to \$1 basis using operations or other funding, except for UND and NDSU, which must match \$2 to \$1. The funding is considered Tier I of the capital building fund program, but it is included in the institution's capital assets line item.

Capital building fund program - In addition to appropriating funding for specific capital projects, the 2019 Legislative Assembly established a capital building fund program for the 2019-21 biennium. The Legislative Assembly appropriated \$10 million from Bank of North Dakota profits as Tier II funding under the capital building fund program. The Tier II funding is appropriated directly to each institution and must be matched by the institutions with \$1 from operations or other sources for each \$1 from Bank profits. The Legislative Assembly appropriated \$9 million, including \$7 million from Bank profits and \$2 million from the general fund, as Tier III funding under the capital building fund program. The Tier III funding is appropriated to the University System office, to be allocated to the institutions as matching funds are committed and must be matched by the institutions with \$2 from operations or other sources for each \$1 appropriated as Tier III funding. After an institution has matched 75 percent of the funding appropriated from the general fund as Tier I for institution extraordinary repairs and subject to State Board of Higher Education (SBHE) approval, each institution may use money from Tier II and Tier III of its capital building fund for extraordinary repairs and deferred maintenance projects that do not increase the square footage of a building.

The 2021 Legislative Assembly continued the higher education capital building fund program with a transfer of \$19,000,000 from the strategic investment and improvements fund (SIIF) to a newly created University System capital building fund. The Legislative Assembly provided continuing appropriation authority from the fund and allowed the University System to continue unspent 2019-21 biennium appropriation authority of \$3,335,478.

The 2023 Legislative Assembly continued the higher education capital building fund program with a transfer of \$24,000,000 from SIIF to the University System capital building fund.

Dakota Digital Academy - The Dakota Digital Academy was launched during the fall of 2020 using federal funding from the Coronavirus Relief Fund to coordinate, expand, and enhance education opportunities in computing and cyber sciences in North Dakota. During the November 2021 special legislative session, the Legislative Assembly appropriated \$475,000 from the federal State Fiscal Recovery Fund to the University System office for the Dakota Digital Academy.

The University System office is monitoring institutional expenditures for extraordinary repairs to ensure the matching requirements are met. The University System office anticipates the entire \$11,117,046 will be matched and spent by the institutions.

Through March 31, 2024, the University System office has distributed \$821,235 to Valley City State University and \$500,000 to Dickinson State University during the 2023-25 biennium from the University System capital building fund.

The University System office reported the Dakota Digital Academy provides institutions access to digital education, training, certificates, and knowledge, including professional development scholarships for faculty to learn how to incorporate artificial intelligence into their course work. The University System office anticipates using the entire appropriation for the Dakota Digital Academy during the 2023-25 biennium.

The Legislative Assembly, in House Bill No. 1003, continued the Dakota Digital Academy with a one-time appropriation of \$450,000 from the general fund.

Economic diversification research fund - The Legislative Assembly, in Section 10 of House Bill No. 1003, provided for a transfer of \$5.5 million from SIFF to the economic diversification research fund, which was newly established in Section 16 of the bill. Section 16 provides the Bank of North Dakota, in consultation with the SBHE, shall award grants to institutions under the control of the board. The sum of \$5 million must be awarded to NDSU and UND with equal amounts awarded to each institution and the remaining funding must be awarded to the other institutions, as determined by the SBHE.

The University System office reported the SBHE developed guidelines for requesting funding and reporting requirements on an annual basis. Williston State College and Dakota College at Bottineau elected to not participate in fiscal year 2024 and the allocation for those institutions will be available during the fiscal year 2025 awarding period. Funding for fiscal year 2024 was distributed to the remaining institutions as follows in December 2023:

Institution	Economic Diversification Research Grant
Bismarck State College	\$26,250
Lake Region State College	20,000
UND	1,250,000
NDSU	1,250,000
North Dakota State College of Science	26,250
Dickinson State University	26,250
Mayville State University	32,500
Minot State University	40,000
Valley City State University	26,810
Total	\$2,698,060