

Valley City State University
Budget No. 242
Senate Bill No. 2003

	FTE Positions	General Fund	Other Funds	Total
2025-27 legislative appropriation	217.44	\$28,431,216	\$29,533,031	\$57,964,247
2023-25 legislative appropriation	<u>211.94</u>	<u>28,352,813</u>	<u>63,611,916</u>	<u>91,964,729</u>
2025-27 appropriation increase (decrease) to 2023-25 appropriation	5.50	\$78,403	(\$34,078,885)	(\$34,000,482)

Item Description

Enrollment - At the end of the 2025 regular legislative session, the Valley City State University (VCSU) FTE student enrollment projection for the 2025-27 biennium was 1,202 for the fall 2025 semester and 1,214 for the fall 2026 semester.

Tuition collections - In the budget approved by the State Board of Higher Education (SBHE), tuition revenue for VCSU for the 2025-26 fiscal year was estimated to be \$8.3 million.

Higher Education Challenge Matching Grant Program - In Section 1 of Senate Bill No. 2003, the Legislative Assembly appropriated \$24.76 million from the General Fund to the North Dakota University System office for the Higher Education Challenge Matching Grant Program. Valley City State University may be awarded up to \$1.32 million under the program.

Extraordinary repairs - The Legislative Assembly, in Senate Bill No. 2003, appropriated \$408,319 from the General Fund to VCSU for extraordinary repairs. In Section 4 of the bill, the Legislative Assembly required institutions to match extraordinary repairs funding on a dollar-for-dollar basis using operations or other funding. The funding is considered Tier I of the University System Capital Building Fund, but it is included in the institution's capital assets line item.

University System Capital Building Fund - In addition to appropriating funding for specific capital projects, the 2019 Legislative Assembly established a University System Capital Building Fund for the 2019-21 biennium. The Legislative Assembly appropriated \$10 million from Bank of North Dakota profits as Tier II funding under the University System Capital Building Fund. 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 University System Capital Building Fund. 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

Status/Result

The actual fall 2025 semester FTE enrollment was 1,178, which was 24 students less than projected and 6 less than the fall 2024 semester.

Valley City State University increased resident tuition rates for the 2025-26 academic year by 5.5 percent. The current estimate for tuition collections for the 2025-26 fiscal year is \$400,000 less than projected.

Through March 31, 2026, the VCSU Foundation has received \$147,645 in grant funding through the program. The university requested an additional \$682,930 in May 2026 and is continuing to seek donations to match available funding.

The university reported it has matched the extraordinary repairs funding using donations and committed the full amount appropriated in Tier I for a boiler replacement project.

The university reported the funding in Tier II will be matched using reserves and auxiliary revenues to address deferred maintenance in academic and student housing facilities during fiscal year 2026. The university is identifying additional projects and matching funds to utilize Tier III during fiscal year 2027.

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 SBHE approval, each institution may use money from Tier II and Tier III of its University System Capital Building Fund for extraordinary repairs and deferred maintenance projects that do not increase the square footage of a building.

The 2021, 2023, and 2025 Legislative Assemblies continued the University System Capital Building Fund, with transfers of \$19 million, \$24 million, and \$26.5 million, respectively, from the Strategic Investment and Improvements Fund to the University System Capital Building Fund. Valley City State University was allocated \$452,403 in Tier II and \$700,000 in Tier III of the University System Capital Building Fund for the 2025-27 biennium.

Workforce Education Innovation Grant Program - The Legislative Assembly, in Senate Bill No. 2003, appropriated \$10 million from the Strategic Investment and Improvements Fund to the University System office for the Workforce Education Innovation Grant Program to provide grant funds to institutions under the control of the SBHE to create or expand academic programs to address workforce needs.

The University System office reported a committee, including workforce-focused individuals from various state agencies and two members of the SBHE, was formed to allocate funding to campuses from the workforce education innovations grants line item. The committee reviewed applications requesting the funds from all nine eligible institutions and awarded all of the \$10 million appropriation in August 2025.

Valley City State University was awarded \$1 million in grant funding for academic programs relating to integrating artificial intelligence into primary and secondary education.