

2025 SENATE APPROPRIATIONS

SB 2212

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division Sakakawea Room, State Capitol

SB 2212
1/22/2025

A Bill relating to the university system capital building fund and to the university system capital building fund pool.

2:00 p.m. Chairman Sorvaag called the meeting to order.

Members Present: Chairman Ronald Sorvaag, Senator Cole Conley, Senator Scott Meyer, Senator Donald Schaible, Senator Paul J. Thomas.

Discussion Topics:

- Tier system funding.
- Funding request.

2:00 p.m. Senator Sickler, Legislative Assembly, Grand Forks, testified in favor and submitted testimony #30649

2:07 p.m. Alex Cronquist, Fiscal Analyst, ND Legislative Council, testified neutral.

2:12 p.m. Jamie Wilke, Director of Finance, ND University Systems Office, testified in favor and submitted testimony #30744.

2:14 p.m. Rod Flanigan, President, NDSCS, testified in favor.

2:21 p.m. Mike Ellingson, Director of Facilities, NDSU, testified in favor and submitted testimony #30792.

Additional written testimony:

Brian Van Horn, President, Mayville State University, submitted testimony in favor #30688.

Joann Kitchens, VP of Administrative Affairs, Lake Region State College, submitted testimony in favor #30735.

Deborah Halvorson, VP Business Services, Williston State College, submitted testimony in favor #30746.

2:25 p.m. Chairman Sorvaag adjourned the meeting.

Steven Hall, Committee Clerk



North Dakota Senate

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360



Senator Jonathan Sickler

District 17
152 Christian Drive
Grand Forks, ND 58201-9304
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COMMITTEES:

Appropriations
Appropriations - Government Operations Division

TESTIMONY IN SUPPORT OF SB 2212

Senate Appropriations Committee - Education & Environment Division

January 22, 2025

SB 2212 builds off legislative efforts over the past decade to better manage the capital building assets of our public colleges and universities by providing a more stable and consistent source of state funds to maintain existing facilities and build capital projects. This bill, which works within the existing three tier system of our university system capital building fund, would also allow the campuses greater flexibility to manage deferred maintenance, ongoing maintenance, and to fundraise in support of new construction.

In short, each institution would be allocated a certain amount of funds to be determined each biennium to use for capital building projects. The intent is that these allocations would reduce or eliminate the need to fund specific capital projects in a single biennium. Instead, campus leadership would have the flexibility to spend or save biennial fund allocations at a pace that is most appropriate for the long-term facility plans of their institution. Legislative authorization would still be required for specific projects once a campus is ready to move forward on any given project.

The bill also alters the matching requirements. To access Tier II funds, which are used for extraordinary repairs and deferred maintenance projects, all institutions other than UND and NDSU would continue to be required to provide one dollar in local funds for every one dollar from the capital building fund. This bill would increase the match requirement for UND and NDSU to two dollars of local funds for every one dollar from the capital building fund. This recognizes the larger donor bases and other sources of local funds available to our two research institutions.

Tier III funds, used for certain new facilities, would require that all institutions, except UND and NDSU, provide one dollar in local funds for every nine dollars from the capital building fund. UND and NDSU would be required to provide one dollar for every two dollars from the state. Again, this difference recognizes the additional resources available to our two largest campuses.

The proposed fund amounts in both Tier II and Tier III are allocated among the institutions using factors such as existing square footage and enrollment, consistent with past capital building fund allocations.



January 22, 2025

Chair Sorvaag and Committee Members,

Thank you, Senators Sorvaag, and Sickler, and Representatives Sanford and Swiontek for introducing and sponsoring HB 2212. Mayville State University is in support of HB 2212.

The use of Tier II funds for bond payments would be a significant benefit to Mayville State as it continues to implement plans to improve and better maintain its aging facilities. The ability to match funds at a 1:1 ratio would result in Mayville being able to access the funding and keep up with its aging infrastructure.

The increase in Tier III by \$2M is highly supported and would be of great benefit to Mayville, bringing this funding to \$2.5M. The reduction in match to 1:9 would also increase the ability of Mayville State to raise matching funds to access these funds and make significant improvements to its facilities as they are needed.

The elimination of the pooling of carryover funds would also enable MSU to accumulate for larger projects in the future. Mayville is currently carrying over the maximum biennia of Tier II and III funds as it has not been able to reach the 2:1 or matching levels required. We are grateful to be able to use that on the Old Main Project.

Thank you for the opportunity to submit testimony in favor of this positive bill.

Sincerely,

President Van Horn



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SB2212

Senate Education and Environment Committee

January 22, 2025

Joann Kitchens, Vice President of Administrative Affairs, LRSC

[701-662-1502/joann.kitchens@lrsc.edu](mailto:joann.kitchens@lrsc.edu)

Chair Sorvaag and Committee members, on behalf of Lake Region State College, I am expressing my support for SB2212 regarding the capital funding for the NDUS.

Lake Region State College especially appreciates the increased amount for Tier III funding along with the 1 to 9 matching requirements. This will assist us in the larger projects which are very hard to fund. It also alleviates the burden of obtaining such large matching funds.

I also support the removal of the 75% requirement on Tier I prior to accessing Tier II and Tier III. We understand that Tier III can be used prior to Tier I or Tier II.

Lake Region State College would support an amendment to expand the uses of Tier III capital building funds to the same uses as the Tier II capital building funds.



SB 2212
Senate Education and Environment Committee
January 22, 2025
Jamie Wilke, Director of Finance, NDUS
701.328.4111 | jamie.wilke@ndus.edu

Chair Sorvaag and Committee members, I am here to provide testimony in support of SB2212 on the university system capital building fund and request one amendment.

The State Board of Higher Education (SBHE) has not taken an official position on SB2212 but does support the capital building fund program with increased funding and reduced matching requirements as this aligns with our mission to enhance our institution's facilities. SB2212 includes additional funding, a reduced matching requirement for tier III capital building funds and limits tier III capital building fund uses to legislatively approved capital projects.

SB2212 provides structured matching fund requirements, encourages our universities to seek additional funding sources and ensures fiscal responsibility. The tier III reduction in required matching funds for the smaller institutions is a great benefit as they find it harder to access matching funds at the same rate as the larger institutions. We do suggest an amendment to expand the uses of Tier III capital building funds to the same uses as the Tier II capital building funds. Some of the NDUS institutions in the current biennium are utilizing the full Tier II allocation and some portion of the Tier III on deferred maintenance projects.

The capital building fund changes in the bill include:

Section 1 directs interest earned by the capital building fund to Tier II, including the required match.

Section 2 modifies the uses of the capital building funds:

- Removes the requirement that institutions match & commit 75% of Tier I dollars prior to accessing Tier II and III.
- Allows Tier II funds to make bond payments for Tier II projects

Section 3 defines the matching requirements for the Tier II Capital Building Funds:

- \$1 of matching funds for \$1 of capital building funds for all institutions except for NDSU and UND. This is the same matching requirement as the current biennium.
- \$2 of matching funds for \$1 of capital building funds for NDSU and UND. This is an increase in the matching requirement for NDSU and UND from the current biennium matching requirement of \$1:\$1.

Section 4 defines the matching requirements for the Tier III Capital Building Funds:

- \$1 of matching funds for \$9 of capital building funds for all institutions except for NDSU and UND.
- \$1 of matching funds for \$2 of capital building funds for NDSU and UND.

This is a much-appreciated reduction in matching requirements for all institutions with increased distributions of capital building funds versus the current biennium's \$2 match with a \$1 capital building fund distribution.

Section 5 repeals current century code 15-54.1-05 related to the capital building fund pool for redistribution of unallocated funds from an institution after three biennia.

Section 6 provides a \$65 million transfer from the strategic investment and improvements fund to the university system capital building fund. This section also delineates the distributions to the institutions of tier II and tier III capital building funds.

Section 7 provides legislative intent that the 70th Legislative Assembly (2027) appropriate \$80 million for Tier III projects.

In conclusion, we respectfully request a Do Pass recommendation on Senate Bill 2212, with an amendment, to allow for the continued advancement of our state's educational facilities.



Date: January 22, 2025

To: Chairman Sorvaag and Members of Senate Appropriations Committee -
Education and Environmental Division

From: Deborah G. Halvorson, Vice President of Business Services, WSC

RE: SB 2212 - Relating to the University System Capital Building Fund

This written testimony is to express Williston State College's support of SB2212 and to request an amendment. WSC especially appreciates this bill's proposed changes for reduced matching funds, higher overall funding, and the ability to use funds for bond payments. These are of great benefit to WSC.

WSC has a number of significant projects underway or in planning utilizing tiered funds. Many of these are "Phase I" initiatives that will require additional efforts in the next biennium. WSC will be fully utilizing Tier I and Tier II allocations along with a portion of Tier III on these projects.

WSC requests that the use of Tier III funds be expanded to include purposes covered in Tiers I and II. This will enable WSC to continue to address extraordinary repairs and deferred maintenance on a timely and cost-efficient basis. The proposed changes to Tier III funds reduces the amount of tiered funding available to WSC and would cause some projects to be further deferred.

Thank you for your consideration of this testimony, the Capital Funds Program, and for your efforts supporting North Dakota's higher education system.

North Dakota State University

SB 2212

Senate Appropriations Education and Environment Committee

January 21, 2025

Mike Ellingson , NDSU Facilities Director

701.231.7307 Michael.Ellingson@ndsu.edu

Chair Sorvaag and members of the Senate Appropriations Education and Environment Committee. My name is Mike Ellingson and I serve as the Facilities Director at North Dakota State University. I am here today on behalf of North Dakota State University to provide testimony in support of SB 2212.

NDSU would like to thank you for SB 2212. When I started at NDSU in 2010 our original general fund budget for deferred maintenance was \$2,732,244 for the biennium. In 2014 the University System hired a third party to review the deferred maintenance backlog. Of which NDSU had the highest total of \$243 million. That was just buildings. It excluded sewer, water, steam and the heating plant. Our current general fund budget of \$9,331,638 for tier funding has allowed NDSU to reduce the rapid increase of our deferred maintenance to an estimate of \$323 million. With this proposed general fund increase of \$10 million-dollars we believe it will help NDSU turn the corner on our outstanding deferred maintenance on the campus.

Thank you. I stand for any questions from the committee.

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division Sakakawea Room, State Capitol

SB 2212
2/10/2025

A BILL for an Act to amend and reenact sections of the North Dakota Century Code, relating to the university system capital building fund; to repeal section 15-54.1-05 of the North Dakota Century Code, relating to the university system capital building fund pool; to provide for a transfer; and to provide legislative intent.

10:30 a.m. Chairman Sorvaag called the meeting to order.

Members Present: Chairman Ronald Sorvaag, Senator Cole Conley, Senator Scott Meyer, Senator Donald Schaible, Senator Paul J. Thomas.

Discussion Topics:

- Committee Action

10:34 a.m. Chairman Sorvaag testified in opposition.

10:34 a.m. Senator Thomas moved a Do Not Pass.

10:35 a.m. Senator Schaible seconded the motion.

Roll Call Vote:

Senators	Vote
Senator Ronald Sorvaag	Y
Senator Cole Conley	Y
Senator Scott Meyer	Y
Senator Donald Schaible	Y
Senator Paul J. Thomas	Y

Motion Passed 5-0-0

Chairman Meyer will carry the bill.

10:35 a.m. Chairman Sorvaag closed the meeting.

Steven Hall, Committee Clerk

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Harvest Room, State Capitol

SB 2212
2/13/2025

A BILL for an Act to amend and reenact sections 15-54.1-01, 15-54.1-02, 15-54.1-03, and 15-54.1-04 of the North Dakota Century Code, relating to the university system capital building fund; to repeal section 15-54.1-05 of the North Dakota Century Code, relating to the university system capital building fund pool; to provide for a transfer; and to provide legislative intent.

10:31 a.m. Chairman Bekkedahl opened the hearing.

Members Present: Chairman Bekkedahl, Vice-Chairman Erbele, and Senators Burckhard, Cleary, Conley, Davison, Dever, Dwyer, Magrum, Mathern, Schaible, Sickler, Sorvaag, Thomas, Wanzek.

Members Absent: Senator Meyer.

Discussion Topics:

- Outcome Based Model for Higher Education Funding
- Necessity of Building on Campuses

10:31 a.m. Senator Sorvaag introduced the bill.

10:35 a.m. Senator Sorvaag moved a Do Not Pass.

10:35 a.m. Senator Schaible seconded the motion.

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Robert Erbele	Y
Senator Randy A. Burckhard	Y
Senator Sean Cleary	Y
Senator Cole Conley	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Jeffery J. Magrum	Y
Senator Tim Mathern	Y
Senator Scott Meyer	A
Senator Donald Schaible	Y
Senator Jonathan Sickler	N
Senator Ronald Sorvaag	Y
Senator Paul J. Thomas	Y
Senator Terry M. Wanzek	Y

Motion Passed 14-1-1.

Senator Sorvaag will carry the bill.

10:39 a.m. Chairman Bekkedahl closed the hearing.

Elizabeth Reiten, Committee Clerk

REPORT OF STANDING COMMITTEE
SB 2212 ([25.1154.02000](#))

Appropriations Committee (Sen. Bekkedahl, Chairman) recommends **DO NOT PASS** (14 YEAS, 1 NAY, 1 ABSENT AND NOT VOTING). SB 2212 was placed on the Eleventh order on the calendar. This bill does not affect workforce development.