NORTH DAKOTA
STATE UNIVERSITY

NDSU

2015-17
BIENNIAL BUDGET REQUEST
NDSU — AGENCY 235
DEAN L. BRESCIANI PRESIDENT

HB1003
SENATE APPROPRIATIONS
SENATOR RAY HOLMBERG, CHAIRMAN

www.ndsu.edu/legislators

NORTH DAKOTA STATE UNIVERSITY IS PLEASED TO SUBMIT FOR CONSIDERATION THIS AGENCY REVIEW AND SUMMARY FOR THE 2015-17 BIENNIAL BUDGET REQUEST.

INTRODUCTION

As the state's land-grant institution, NDSU has a long-standing commitment to bringing educational opportunities and research solutions to the people of North Dakota. Our commitment remains focused on affordable access to a high-quality education for our students and serving state interests in a manner demonstrating sound stewardship and accountability. We are truly a student focused, land-grant, research university.

NDSU's continued success has led to higher national and international visibility, not just for itself but the entire state, and most importantly, more substantial contributions to the success of North Dakota and the nation, at levels never before attained by a North Dakota higher education institution. In fact, NDSU is now the top-ranked college or university in its five state area of North Dakota, South Dakota, Wyoming, Idaho and Montana. That success is resulting in increased demand from both in- and out-of-state students seeking a traditional full-time, residential experience leading to graduation in four years from a rigorous research university environment.

NDSU leads the state in the enrollment of first-time freshmen, and NDSU remains the largest university in the state in terms of overall full-time enrollment. NDSU graduates also enjoy an exceptional job placement rate in their field of study, exhibit a steadily increasing level of residency in the state after graduation, and make record-setting contributions to the state's tax base. From another perspective, the university's success also has led to continued record research and development expenditures, licensing revenues and new business growth, as well as subsequent job creation.

As NDSU continues to evolve and grow, which is projected to continue into the next biennium, we also continue our commitment to affordability, efficiency and productivity. That commitment is reflected in the success of our students, local and service region communities and the statewide economic interests we serve. We look forward and remain committed to addressing the needs and aspirations of North Dakota by building on our land-grant foundation.

AGENCY OVERVIEW

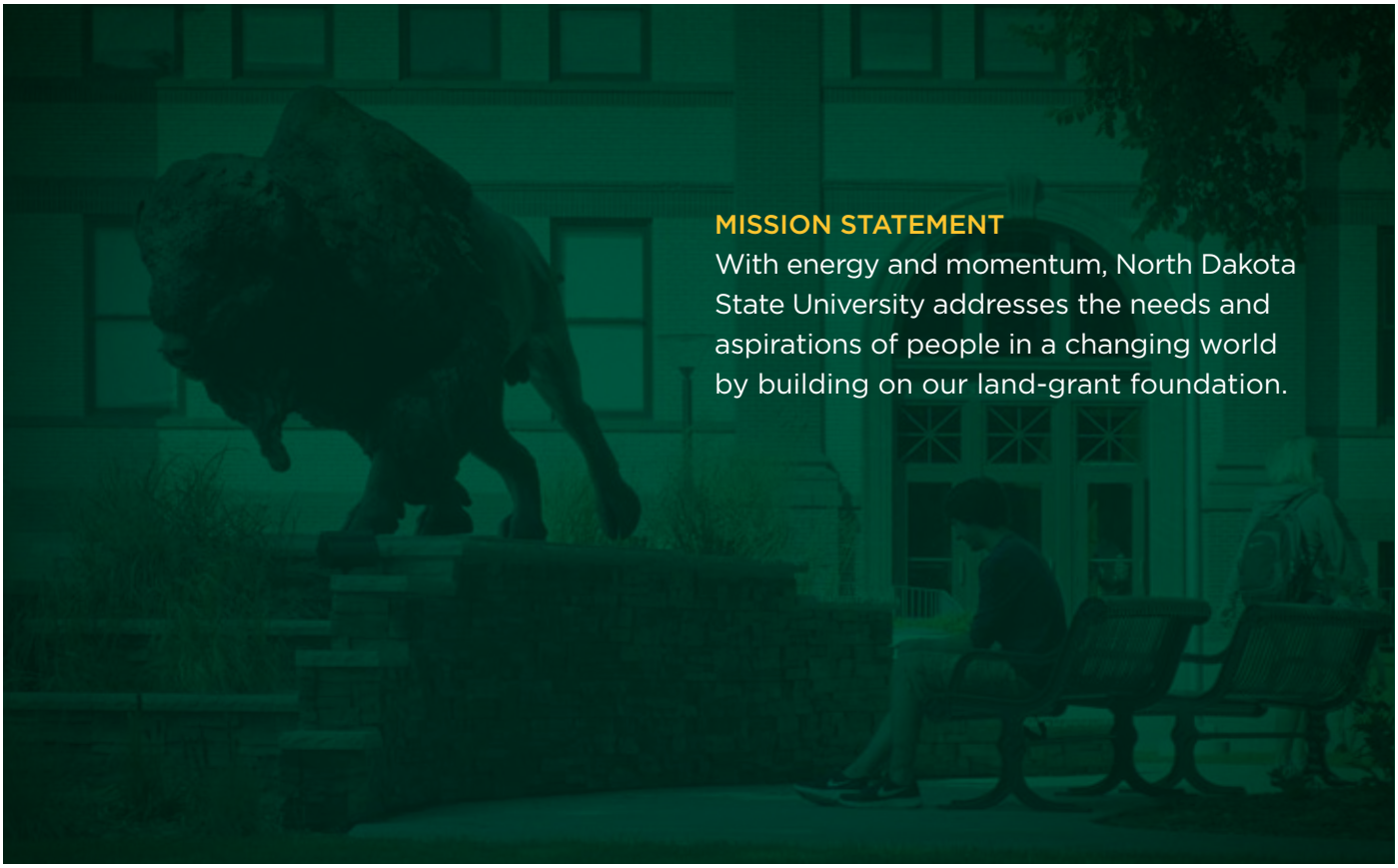
AGENCY STATUTORY AUTHORITY ND CONSTITUTION, SECTION 215, NORTH DAKOTA CENTURY CODE CHAPTER 15-12

AGENCY DESCRIPTION

North Dakota State University (NDSU) has become the first and remains the only North Dakota university ranked in the top tier of the Carnegie Commission on Higher Education and the ranks of the National Science Foundation's top 100 research universities (39th of those without a medical school), with more than $150.0 million in annual scholarly research activity reported for the most recent national survey. Those rankings have opened up a steady progression of new partnerships and funding opportunities with other leading universities, private entities and federal agencies, never before possible for a North Dakota university.

NDSU is proud of its tradition as the state's student focused, land-grant, research institution. It embraces that responsibility as a cornerstone of its future productivity, and the contributions it can increasingly provide to North Dakota and the state's residents, as well as the nation's, current and future interests.

The university hosts a large and diverse student profile and is home for the largest full-time, on-campus enrollment in the states's university system. Located in a vibrant and growing area of the state, and with a growing number of major corporate partners, NDSU has shared a responsibility for creation of an environment that complements and blends the experiences of its students, faculty and staff with the community in which they live while attending the university.



MISSION STATEMENT

With energy and momentum, North Dakota State University addresses the needs and aspirations of people in a changing world by building on our land-grant foundation.

ENROLLMENT OVERVIEW

FALL ENROLLMENT DATA

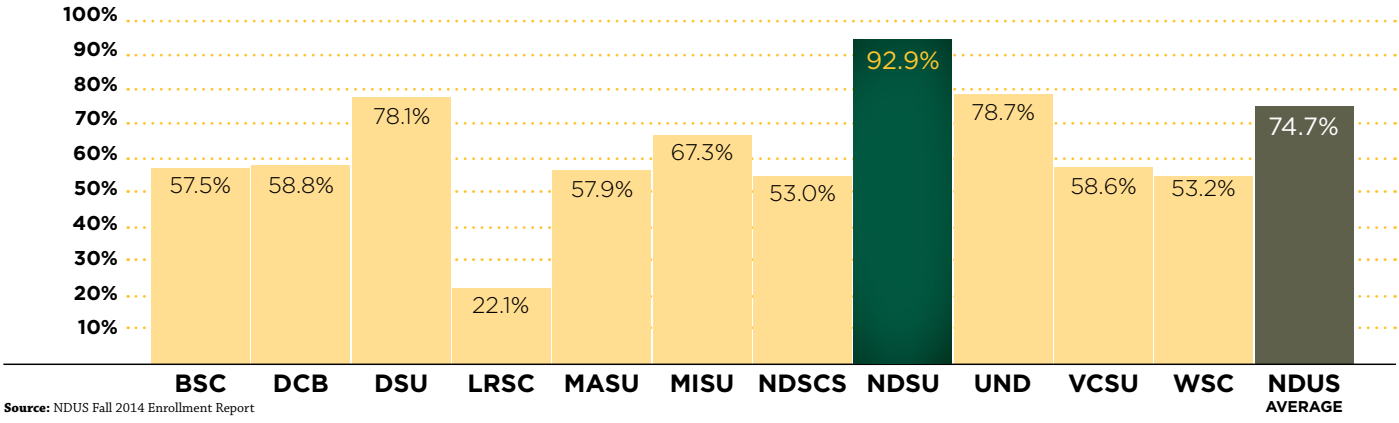
From 2000 to 2014, student demand has increased by 4,853 additional students, or approximately 49 percent.

	FT	FTE
2002	8,880	9,950
2003	9,177	10,294
2004	9,536	10,692
2005	9,894	10,752
2006	10,053	10,890
2007	10,342	11,221
2008	11,004	11,794
2009	11,679	12,577
2010	11,857	12,708
2011	11,675	12,606
2012	11,733	12,704
2013	11,798	12,797
2014	11,917	12,934

Headcount: All students, regardless of number of credit hours **Full-Time (FT):** Students enrolled in 12 credit hours or more **Full-Time Equivalent**: UGRD student credit hours divided by 15 = FTE; GRAD student credit hours divided by 12 = FTE

FACE-TO-FACE FALL 2014 ON-CAMPUS PERCENTAGES

At NDSU, 13,708 of 14,747 students are face-to-face with faculty in traditional classroom settings.



Source: NDUS Fall 2014 Enrollment Report

24
NDSU
24

AGENCY MAJOR ACCOMPLISHMENTS

North Dakota's first and only top ranked research university in the nation based on both the Carnegie Commission on Higher Education and the National Science Foundation. Classified by the Carnegie Commission on Higher Education as "Research University/Very High Research Activity."

Received $6.4M in equalization funding from the new higher education funding formula which 100% was used to support Academic Affairs.

Initiated construction for a new state-funded STEM Classroom Building to meet student demand in the science, technology, engineering and math disciplines.

Continued demand by prospective undergraduate and graduate students, has been reflected in new full-time student enrollment records every year for the past decade, with the fall of 2014 enrollment more than 14,700 students.

Continued diversity of the NDSU student body — fall 2013 enrollment included 1,101 international students representing 87 countries, and an increasing number of U.S. born students reflecting ethnic, cultural and geographical diversity.

NDSU's out-of-state-students are choosing to stay in North Dakota for their first job after graduation and contribute back above state averages to the tax base.

Student job placement in their major field of study, achieved a record 89% success.

Initiated and continued efforts for student success through improved sense of welcome and support; retention and graduation rates; focus on students from historically underrepresented populations, veterans and others; and addressed high risk behaviors and other student issues.

Completed construction of a major indoor track facility, initiated a renovation of the Sanford Health Athletic Complex.

Expanding academic collaborations include development of undergraduate and graduate programs with Minot State (social work and human development), and NDSCS (the "Pathways" program, and the establishment of a two-year liberal arts preparatory program in the Fargo area).

Systemwide support of academic support functions in IT-based data storage, academic computing (NDSU is the SBHE recognized supercomputing facility for the state), communication, emergency response and support technologies that provide the backbone of many NDUS institutions and the support of their collective academic communities. By blending system resources with the campus-based expertise requisite to major research university environments, NDSU is in many areas best positioned to efficiently provide services to its sister institutions through an increasing number of NDSU shared services.

Continued involvement with the Research and Technology Park and emerging technology firms that have created several thousand new jobs, including employment of over 100 NDSU undergraduate and graduate students.

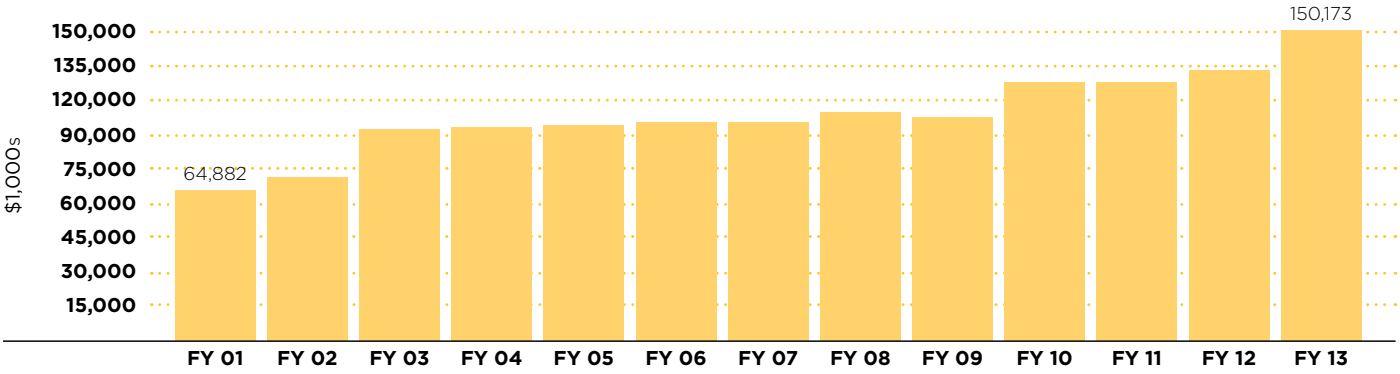
Solidified NDSU as one of the most successful overall NCAA Division-I athletic programs in the nation. NDSU student-athletes' commitment to excellence helped shine a national spotlight on an athletics program celebrating its 10th year of NCAA Division I competition. NDSU recorded league championships in nine sports, the most recorded in a single year in the storied history of NDSU athletics. The 411 student-athletes at NDSU combined for a 3.13 GPA, which exceeds that of the overall student body, and more than 60 athletes achieved a perfect 4.0 GPA in the spring 2014 semester.

RESEARCH OVERVIEW

NDSU IS THE ONLY NORTH DAKOTA UNIVERSITY RANKED IN THE NATION'S TOP PRIVATE AND PUBLIC UNIVERSITIES

GROWTH OF NDSU RESEARCH AND DEVELOPMENT EXPENDITURES

$1B RESEARCH EXPENDITURES SINCE FY2004; $150M IN FY2013



Source: National Science Foundation Higher Education Research and Development Survey

NDSU RESEARCH ACCOMPLISHMENTS

- Processing an average of 14.7 sponsored awards each week in FY14 (763 total).
- Processing an average of 1.4 sponsored awards each week with private sector partners in FY14 (73 total).
- Received sponsored awards from more than 175 different industry sponsors since 1/1/2005.

FY14 PROPOSALS SUBMITTED (ALL TYPES):	
Private sector* (includes "federal flow through")	106
Commodity groups	345
Federal agencies	597
Foundations	201
Other	16
Other Governmental Offices	19
State/Local	96
TOTAL	**1,380**

RESEARCH FOUNDATION ACCOMPLISHMENTS

310+

MORE THAN 310 TECHNOLOGIES/IP UNDER MANAGEMENT

33+

AVERAGING MORE THAN 33 POTENTIALLY PATENTABLE INVENTIONS PER YEAR SINCE 2004

71

71 U.S. ISSUED PATENTS
60+ PENDING PATENT APPLICATIONS

46

46 ACTIVE US PVP CERTIFICATES
15 FOREIGN PBR REGISTRATIONS
34 REGISTERED U.S. TRADEMARKS
14 FOREIGN REGISTERED TRADEMARKS

$2M+

MORE THAN $2 MILLION IN LICENSING REVENUE FROM NDSU IP IN FY14; THIRD CONSECUTIVE YEAR TO SURPASS $2 MILLION

25

NDSU RANKED 25TH OUT OF 50 LAND-GRANT UNIVERSITIES
(AUTM 2013 LICENSING SURVEY)

NDSU RANKED 6TH OUT OF 22 LAND-GRANT UNIVERSITIES WITHOUT A MEDICAL SCHOOL
(AUTM 2012 LICENSING SURVEY)

6 STARTUPS BASED UPON NDSU TECHNOLOGIES AND/OR IP SINCE 2010:

Elinor Specialty Coatings, LLC
Treeminer, Inc.
c2renew Inc.
Renuvix, LLC
HQC Biosciences Inc.
C2sensor Inc.

Five of these six startups are in North Dakota and located in the NDSU RTP Incubator facility; two more are in negotiation.

BUSINESS STARTUPS FIND SUCCESS

Fargo-based Elinor Specialty Coatings, LLC was selected as a 2014 TechConnect National Innovation Awardee for Aluma45 MgRP, a chromium-free magnesium-rich primer for use on aluminum-alloys and composites in ship, automotive and construction materials manufacturing. The core technologies were initially developed by researchers at NDSU and licensed to the company.

NDSU-related startup and graduate of the NDSU Technology Incubator, Myriad Mobile, has grown to more than 60 employees since started by two NDSU students in 2011. The company designs, develops and consults on mobile applications for business, and was selected by Entrepreneur magazine as a Top 30 StartUps to Watch.

WESTERN NORTH DAKOTA RESEARCH

NDSU announced funding for road dust research in North Dakota's Bakken region, with coverage by the Associated Press and in many national publications, including the Kansas City Star, the Miami Herald and Businessweek. NDSU research on population projections, law enforcement needs, soil conservation and other topics provides community leaders with planning tools amidst unprecedented growth.

CORPORATE PARTNERS

N.D.-BASED OPERATIONS:

American Crystal Sugar
Amity
Appareo
Bobcat/Doosan Infracore
c2renew corporation
Caterpillar
Datacom International, Inc.
Deere & Company
Elinor Specialty Coatings LLC
Intelligent InSites
Killdeer Mountain Mfg.
Marvin Windows & Doors
MidAmerica/MOOG
Monsanto
NODAK Coolers
Packet Digital
Pedigree Technologies, Inc.
Phoenix International
Renuvix
Sanford Health
Space Age Synthetics, Inc.
Tecton

U.S.-BASED OR WORLDWIDE OPERATIONS:

3M
Agvise Labs
AkzoNobel
Alien Technologies
Arkema
Bayer
Cardolite
Cameron Intl Corp.
Cargill
CertainTeed
Cogi
Crane
Dow Chemicals
DuPont
Eastman Chemical
Frostime
Hansaton Acoustics
Hercules/Ashland
Hempel
Honeywell
IntegenX
Intel
Lord Corp.
Nissan Chemical
Okori Group
Paratek
Paratel
Peregrine Semiconductor Corp
Phone Halo
PPG Industries
Pulsar Exploration/L&W Survey
Rapid Engines
RIE
Satcon
Silexos
SRAM
Starkey Laboratories
Tessera
Textron Defense Systems
Triton Systems, Inc.
United Technologies
Uniqarta

AGENCY FUTURE CRITICAL ISSUES

NDSU's productivity and national visibility combined with the attractiveness of the surrounding community and the state's current economic strength have led to over a decade of increases in demand by both undergraduate and graduate students, scholars and entrepreneurs eager to bring their research and business ideas to an environment that supports their success. Our future strategic focus will be toward science, engineering, technology, public health and agricultural fields represented by the STEM disciplines. In order to meet the continued demand, NDSU's future critical issues are:

- Provide resources to support faculty and staffing of academic areas and support functions while meeting the needs of student demand. Maintaining reasonable faculty-to-student ratios, has required an increasing utilization of non-tenured, part-time and other staffing options.

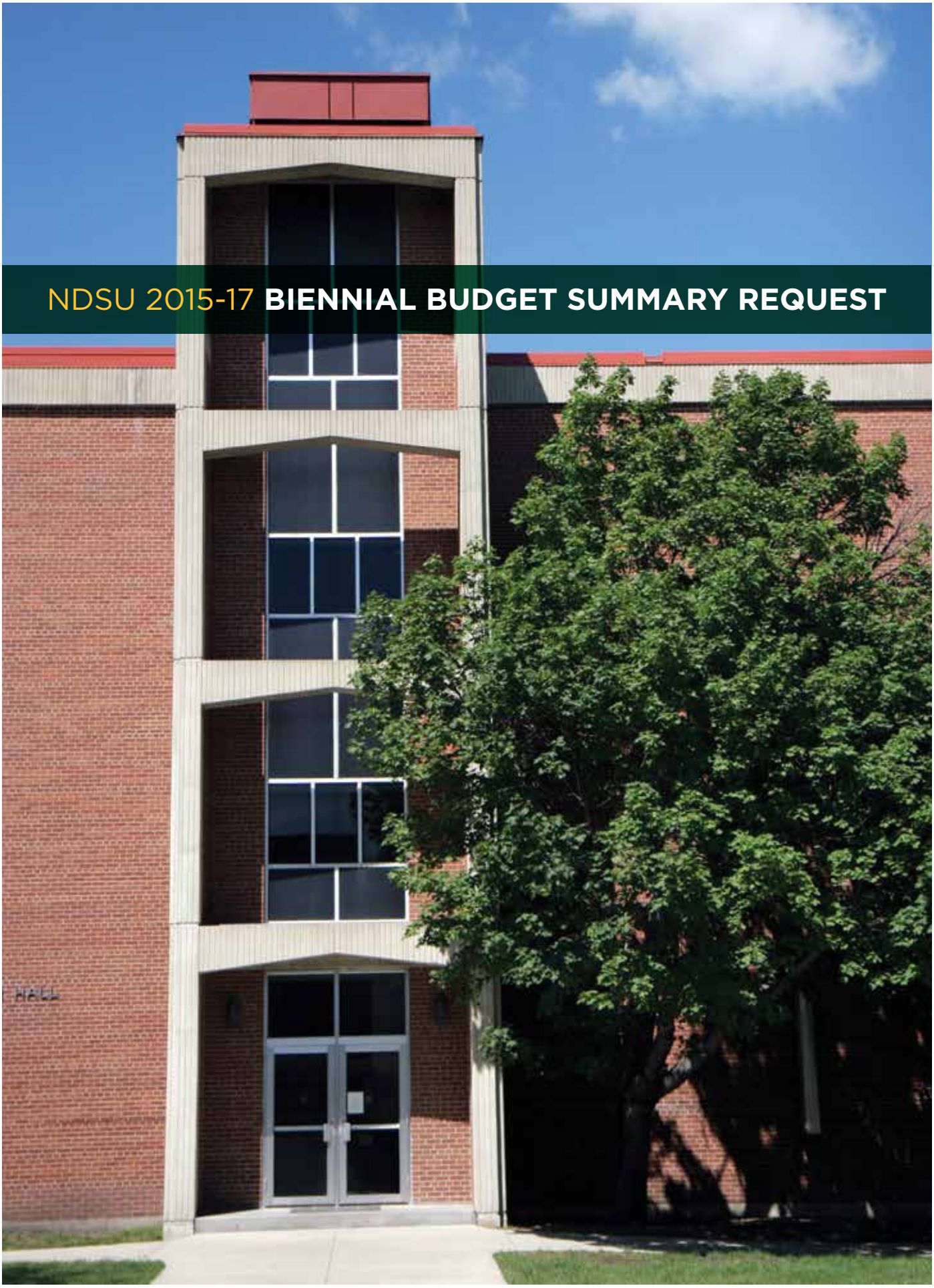
- Provide up to date classroom facilities equipped to meet the educational, technological and physical needs of our students.

- Maintain campus facilities that are increasingly falling behind on even minimal levels of maintenance and renovation as confirmed in the recently completed review of university system facilities by VFA and Paulien & Associates, Inc.

- Continue to provide and maintain a safe and secure environment for students, faculty and staff.

NDSU understands its responsibility to evaluate and purposefully consider opportunities for collaboration and to find efficiencies across its academic programs and all other activities. Over the past three years we have undergone a comprehensive strategic-planning process to evaluate those areas in which it is best positioned to lead, support, collaborate or contribute to the success of its constituencies. Additionally, NDSU has also identified those areas in which it is not best positioned or cannot efficiently lead with excellence in addressing demands of the state and nation, and must support collaboration with or redirection of state necessities to NDUS institutions better positioned to meet such demands.

At the same time, the university has also pursued a number of initiatives ranging from curriculum reviews, and restructuring of tuition, fees and course-load expectations to purposeful collaboration with other state post-secondary institutions. Just a few current examples of such collaboration include development of undergraduate and graduate programs with Minot State (social work and human development), and NDSCS (the "Pathways" program, and the establishment of a two-year liberal arts preparatory program in the Fargo area).



NDSU 2015-17 **BIENNIAL BUDGET SUMMARY REQUEST**

NDSU 2015-17 BIENNIAL BUDGET REQUEST SUMMARY

BASE BUDGET REQUEST

Costs to continue	6,805,980
Facility and Infrastructure repair and maintenance: 50% of OMB formula	8,421,144
Funding for this request will increase the base from $2,732,244 to $11,153,388	
Governor's Funding Model	11,352,682
Total Base Funding Increase Requested	**26,579,806**

OPTIONAL FUNDING REQUESTS

Base Funding	
Campus Security and Emergency Preparedness	205,500
One-time Funding	
Campus Security	1,120,000
Special Assessments	407,089
Total Optional Funding Requested	**1,732,589**

CAPITAL PROJECTS

State Funded	
Life Safety Priority	
Dunbar Hall II	45,900,000
Program/Accreditation Priority	
Sudro Hall Addition	32,700,000
Engineering	27,200,000
Total Capital Projects-State Funded	**105,800,000**
Non-State Funded – Revenue Bonds	
Aquatic Center	11,000,000
Re-authorization	
Minard Hall	600,000
Increase authorization from $22,874,300 to $23,474,300	

NDSU 2015-17 BIENNIAL BUDGET REQUEST SUMMARY

BASE AND OPTIONAL FUNDING DETAILS

BASE FUNDING REQUEST	$26,579,806
Costs to continue legislatively funded salary increases -includes the state and student share	$2,785,403
Estimated operating inflation of 2.4%/2.5%	$3,127,577
Estimated utilities cost increases for facilities coming on-line in 2015-17 -STEM Classroom building	$893,000
Facility and Infrastructure repair and maintenance	$8,421,144

This 2015-17 request is for an increase from an average of 12.7% to an equivalent of 50% of OMB building and infrastructure formulas. Base funding currently received in 2013-15 is $2,732,244 and the requested increase for 2015-17 is $11,153,388. NDSU has prioritized a preliminary list of projects, however priorities can change due to unforeseen circumstances and emergencies.

Governors funding model increase	$11,352,682

OPTIONAL BUDGET REQUEST	$1,732,589

Base funding: Campus Security and Emergency Preparedness **$205,500**

NDSU requests 1 FTE Emergency Manager Position to develop and implement plans required under SBHE Policy 906 to facilitate appropriate emergency preparedness on campus, which must be tailored to each individual campus and local and regional law enforcement and emergency services. These plans are intended to provide the framework to address the immediate requirements for a major disaster or emergency in which normal operations are interrupted and special measures must be taken to:

- Protect the lives of students, employees and the public
- Provide essential services and operations
- Manage immediate communications and information regarding emergency operations
- Manage university resources effectively in emergency operations
- Provide and analyze information to support decision-making.

Emergency response is based on the Incident Command System (ICS), the management structure adopted throughout the United States and internationally, and a requirement of the State of North Dakota and various US Department of Homeland Security Presidential Directives and Nation Incident Management Systems (NIMS) guidance.

One-time funding: Campus Security **$1,120,000**

NDSU requests one-time funds for campus security in order to provide security cameras/surveillance equipment $520,000 and keyless card entry/locking systems $600,000

One-time funding: 2015-17 Special Assessments installment payments **$407,089**

Estimated special assessment payoff for remaining balance: $1,591,426.
Estimated savings by paying off balance early: $1,762,946.

NDSU 2015-17 MAJOR CAPITAL PROJECT REQUESTS

RANK	PROJECT		AMOUNT
1	Dunbar II – Life Safety Priority		$45,900,000
2	Accreditation projects		$59,000,000
	Pharmacy, Nursing and Allied Sciences	$32,700,000	
	Engineering	$27,200,000	

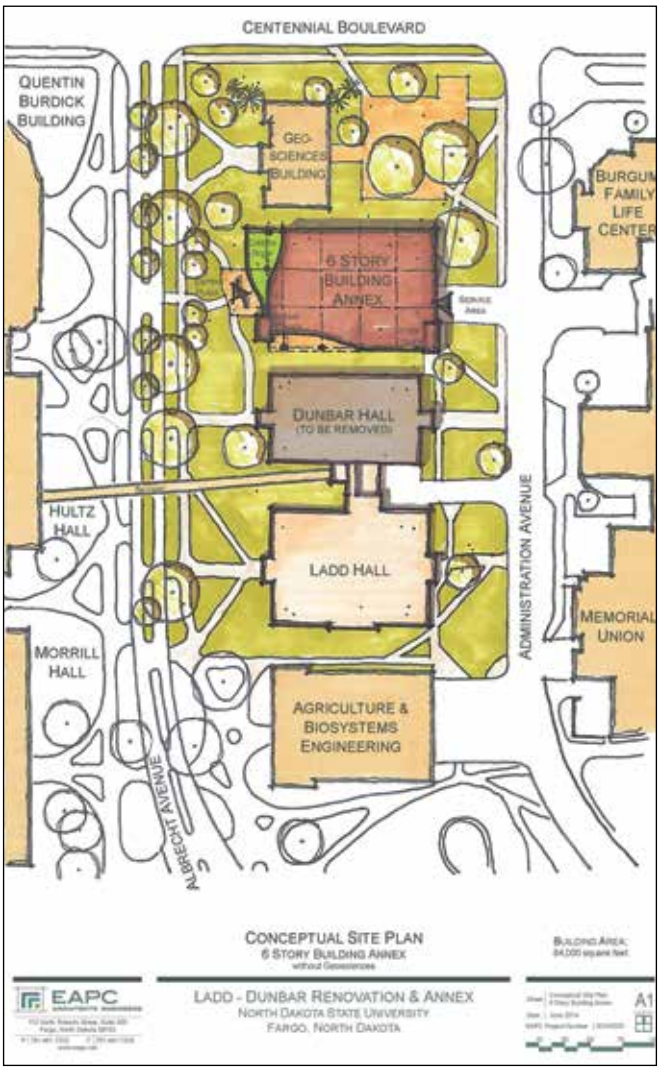
CAPITAL PROJECT PRIORITY
RANKED #2 BY SBHE ON LIFE-SAFETY PRIORITIES LIST
RANKED #1 BY NDSU

DUNBAR II

NEW SIX-STORY BUILDING REPLACEMENT - $45,900,000

~106,000 square feet of new construction

- Minimizes research and educational programs having to be off-line during renovation
  - › No other facilities on campus contain infrastructure where activities could be moved
- Consolidates Departments of:
  - › Chemistry and Biochemistry
  - › Geosciences
  - › Center for Protease Research shared CORE laboratories
- Accommodates:
  - › Upper-level undergraduate students
  - › Graduate students
  - › Faculty (offices, research)
  - › Improved lab areas
- Address safety and code concerns
- Address deferred maintenance
- Improve undergraduate and graduate experience
  - › Provide additional square footage needed to handle current growth of undergraduate students
  - › Address the need for space for the growing number of graduate students
  - › Update laboratory spaces
  - › Improve ventilations and conditions
  - › Create an accessible building
    - » Non-ADA compliant building entrances – currently need to go through Ladd or Hultz Halls
    - » Necessary for students to walk through labs to access faculty offices
- Match the facility to NDSU's recognition as one of the Top 108 public and private institutions according to Carnegie Commission on Higher Education
- Address needs for faculty
  - › Create facilities to retain and attract top researchers and faculty
  - › Create space for all faculty needing research space
  - › Help fill the nation's need for research in the science field
- Removal of an inefficient building
  - › Proposed demolition of original Dunbar (with substantial deferred maintenance) at the completion of Dunbar II



CAPITAL PROJECT RANKING MATRIX FOR 2015-17 PROJECT PRIORITIZATION

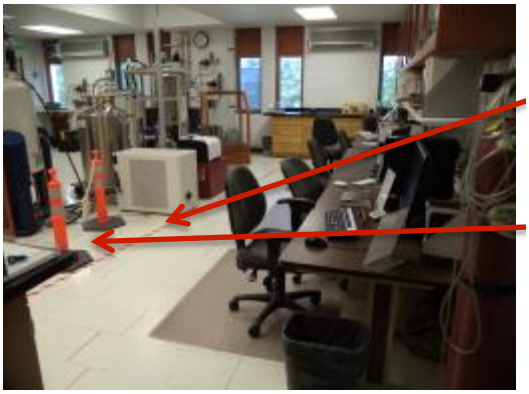
Life Safety	Inadequate/malfunctioning HVAC facilities; general building and fume hood ventilation for safe handling of dangerous chemicals; outdated fire system that does not match chemicals used in building; no central storage system for chemicals; faculty offices access through research labs; undersized research lab spaces with very poor circulation; safety issues more critical because of building's location in center of campus
Statutory Compliance	Fire code standard violations; control areas for hazardous materials; fire separation at control areas; lack of accessibility in research areas; excessive quantities of chemicals stored for laboratory use (reoccurring code violation from City of Fargo Fire Department); sanitary/storm sewer code; ADA - both main entrances are inaccessible
Deferred/Critical Maintenance	Calculated at ~$2.3 million in 2008 by Sasaki/JLG; list and inflation has grown since then; facility condition assessment listed Dunbar as one of top three deficient major academic buildings on campus
Program or Accreditation	Insufficient space to hire additional faculty; lack of faculty and adequate space restricts ability to train new graduate students and for current students to continue in their programs; physical separation of faculty also significantly diminishes what can be accomplished in advancing education and resulting research of, by and for students
Partial Legislative Funding	N/A
Significant Outside Support	N/A
High Priority for State	Science field is vital to North Dakota; Chemistry, Biochemistry, Geosciences all important disciplines for energy, biomedical and high-technology manufacturing industries in state
Urgent Infrastructure Need	Definite urgent needs - electrical systems at full capacity, obsolete HVAC systems; life/health/safety, research and education funding, ability to accommodate current operations and future growth
Master Plan Consistency	#1 priority for NDSU; Chemistry is one of the original departments at NDSU; its students have long been vital to NDSU; its research has benefitted state, region, nation for 100+ years; disruptions to research and graduate education by having to stop operations during renovations vs. constructing a new building (or trying to conduct activities in outdated facilities) will severely hinder deliverables for major new grant in Chemistry and Biochemistry
Existing Space Condition	Complex is old, out-of-date, presents significant safety concerns for occupants; safety issues more critical because of building's location in center of campus
Consolidation of Services and Efficiencies	Consolidate Chemistry, Biochemistry, Geoscience, shared core laboratories and resultant equipment, personnel, methods and storage into single building; improved student educational opportunities; modern research laboratories planned for needs in accordance with current IBC standards
Removal of Existing Facilities	Current Dunbar Hall and possibly Geosciences Hall
Space Efficiency	Inadequate amount and quality of space for current level of activity; little to no growth capacity in either research or teaching limits growth in all other accredited STEM-related campus programs that depend heavily on sciences

CAPITAL PROJECT PRIORITY #1 — DUNBAR II

DUNBAR – CURRENT FACILITY

Outdated Geosciences lab/classroom

Equipment and materials blocking aisles due to lack of space



Line dividing lab space from office/ computer space

Cones, sign and chain addressing a hazardous area

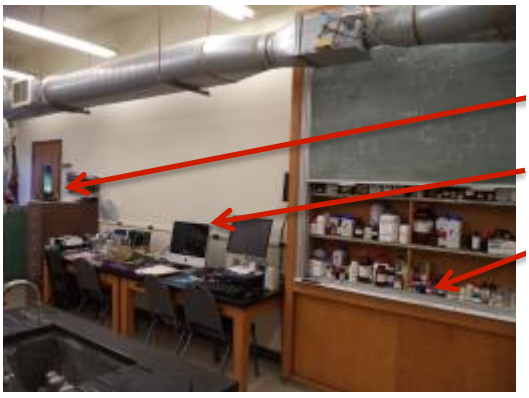
Storage placed in corridor due to lack of space

Storage converted to lab and support space

Temporary mechanical installed for ventilation

Storage issue in lab

No workbench space due to equipment space needs



Students exposed to lab conditions in order to access faculty

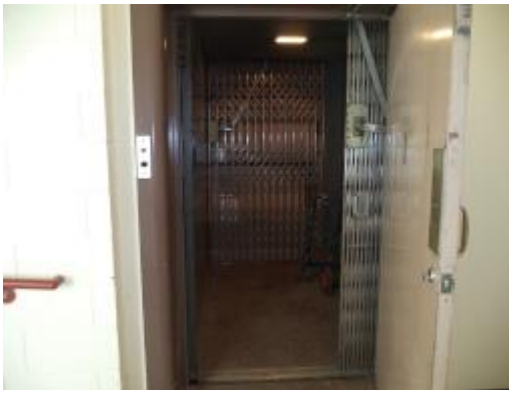
Grad office located in lab space

Non-compliant chemical storage

Obsolete and inadequate fume hoods

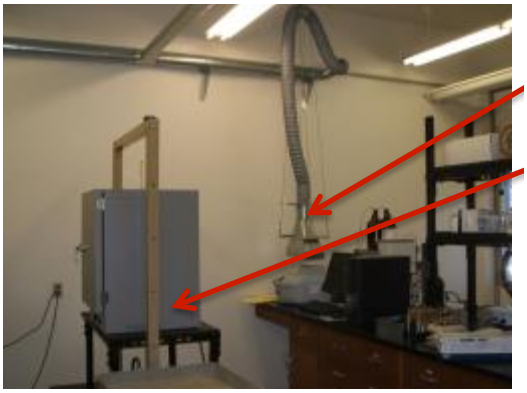
Student access to faculty office through lab, past experiments and temporary safety cabinets

Grad office immediately adjacent to lab workbench in non-climate controlled lab



ADA accessibility to Dunbar is through Ladd Hall, then with the use of this freight elevator

Plumbing issues in building necessitate accessing infrastructure through existing walls in order to make repairs



Makeshift ventilation

Temporary equipment support

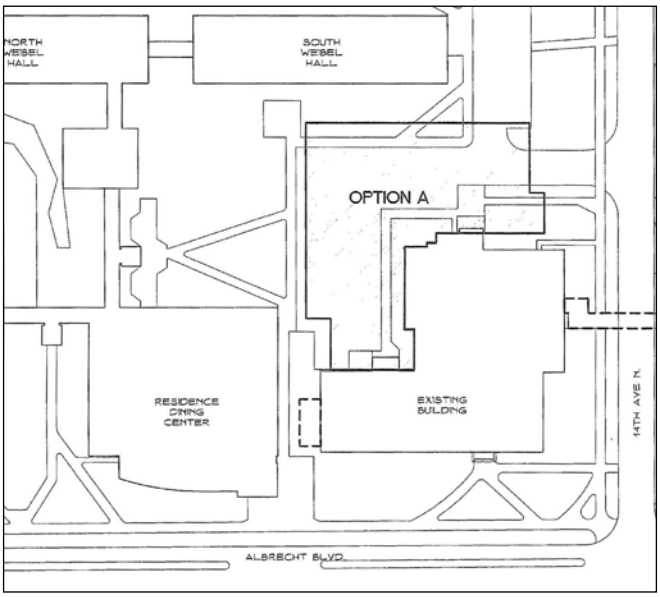
CAPITAL PROJECT PRIORITY
RANKED #1 BY SBHE FOR PROGRAM/ACCREDITATION PRIORITIES
RANKED #2 BY NDSU

PHARMACY, NURSING AND ALLIED SCIENCES

SUDRO ADDITION - $32,700,000

Five-to-six story building, ~93,000 square feet of new construction

- Also includes partial renovation, update and repurpose of existing building
- Results in reduction of deferred maintenance backlog



Includes:

- Offices, classrooms, research and clinical labs, student study and library space, technology
- Additional space for:
  - › Master of Public Health
  - › Master of Health Administration
  - › American Indian Public Health Resource Center
  - › Health Science Branch Library

- Address accreditation concerns
- Address space shortage issues
  - › Leased space
  - › Repurposed student space due to programming needs
  - › Shared faculty offices (FERPA issues)
- Improve undergraduate and graduate experience
  - › Provide additional square footage needed to handle current growth of undergraduate students
  - › Address the need for space for the growing number of professional students
  - › Expand and update classroom and laboratory spaces

- Match the facility to NDSU's recognition as one of the Top 108 public and private institutions according to Carnegie Commission on Higher Education
- Address needs for faculty
  - › Provide additional space to address growth in faculty
  - › Create facilities to retain and attract the top researchers/faculty
  - › Create space for all faculty needing research space
  - › Help fill the nation's need for research in the Health Sciences field

CAPITAL PROJECT RANKING MATRIX FOR 2015-17 PROJECT PRIORITIZATION

Life Safety	Adequate space for teaching and research labs in medical health field important for life, health and safety protocols
Statutory Compliance	N/A
Deferred/Critical Maintenance	Project results in ability to address deferred maintenance in existing building
Program or Accreditation	Needed to address ACPE (Pharmacy) accreditation Physical Facilities standard violation; progress report on status of bringing it into full compliance expected within two years of the March 2014 ACPE Focused On-Site Evaluation visit; report stated: *"The space available to the College is not keeping pace with its current rate of growth and limits the success of the pharmacy program. Managing growth of the College is the biggest issue facing the program."*; failure could result in negative accreditation against Pharmacy program, negative impact in ability to continue current and future research growth, funding, quality of education and training for health profession students North Dakota Board of Nursing expects quality improvements in NDSU's program, including provision of appropriate space for simulation education, to satisfy Board of Nursing standards and criteria for continued program approval
Partial Legislative Funding	N/A
Significant Outside Support	N/A
High Priority for State	Only Pharmacy program in state; supplies 90% of current practicing pharmacists in North Dakota serving citizens' health care needs; 70-85% of Nursing graduates remain in state to practice nursing
Urgent Infrastructure Need	N/A
Master Plan Consistency	PNAS exemplifies three principal responsibilities of a land-grant university — Teaching, Research, Public Service; serves state, region, nation through programs providing education, research, patient care and public service; project essential to address goals of program expansion, growth in Nursing, Master of Public Health (MPH), two-way distance ed with Bismarck, new interprofessional education training requirements and new programs in Master of Health Administration (MHA), international nursing partnerships, nursing genetic counseling
Existing Space Condition	Recent on-site evaluations from accrediting bodies (Nursing and Pharmacy) cited both programs for lack of sufficient space, impacting programs' ability to address important quality improvements needed to meet current accreditation standards; non-compliance will place health profession programs at risk of possible negative accreditation action, negatively impacting ability to continue current (and future) growth of research programs and funding
Consolidation of Services and Efficiencies	All PNAS components incorporated into one area/facility, creating efficiencies and providing better opportunity for education within PNAS; returns components currently located in leased space into one facility
Removal of Existing Facilities	N/A
Space Efficiency	Unprecedented PNAS growth since mid 1990's - from 650 students and 40 employees to current 2,000 students and 156 employees, with only modest changes to physical facilities; resultant insufficient and inefficient quantity and quality of space attributing to accreditation issues; locating components to leased facilities necessitated due to lack of space

CAPITAL PROJECT PRIORITY #2 — PHARMACY, NURSING AND ALLIED SCIENCES

SUDRO – CURRENT FACILITY

Office converted to core lab room

Hallways converted to student study space

Common computer cluster used as grad space

Lab that should be clean room space

Concept Pharmacy lab space: inadequate for number of students who use it

Joint storage issues – Pharmacy, Nursing and Allied Sciences

Lack of space requires that numerous night classes now be offered

Faculty sharing minimal office space (possible FERPA issue)

Graduate student office located in aisle way of lab; egress issue

Office converted to a Biosafety II lab; inadequate space for lab

Conference room located in a skills assessment teaching lab

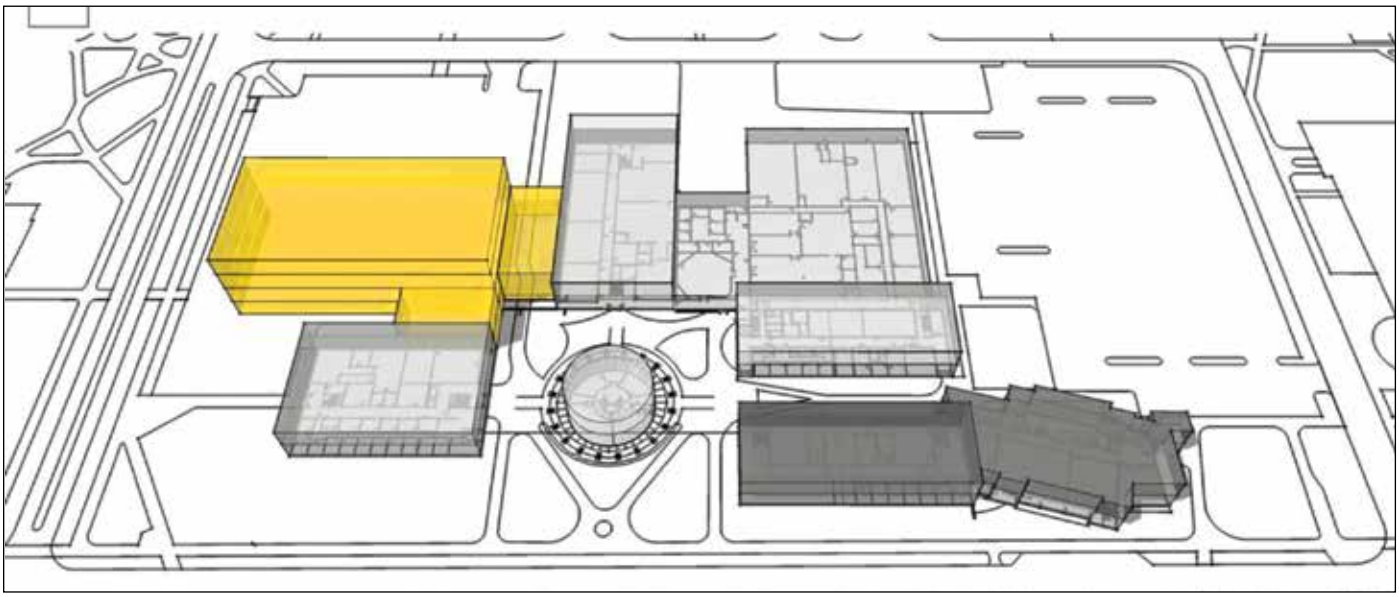
Access to shared faculty office through a space also used as a shared faculty office (by different departments – Pharmaceuticals and Nursing)

CAPITAL PROJECT PRIORITY #3

ENGINEERING

NEW CONSTRUCTION - $27,200,000

Three-to-four story building, 79,100 square feet



- Connecting to Electrical and to Civil and Industrial Engineering buildings
- All Engineering disciplines located in new facility
- Separation of space for disciplines
- Projects 2 – 7 will be requested in future biennia

- Address accreditation concerns
- Address space shortage issues
  - › Leased space off-campus
  - › Repurposed student space due to programming needs
  - › Shared faculty offices (FERPA issues)
- Improve undergraduate and graduate experience
  - › Provide additional square footage needed to handle current growth of undergraduate students
  - › Provide reasonable and adequate space for senior students to complete their design/capstone projects
  - › Address the need for space for the growing number of graduate students
  - › Update laboratory spaces
- Match the facility to NDSU's recognition as one of the Top 108 public and private institutions according to Carnegie Commission on Higher Education
- Address needs for faculty
  - › Create facilities to retain and attract the top researchers and faculty
  - › Create space for all faculty needing research space
  - › Help fill the nation's need for research in the engineering field

CAPITAL PROJECT RANKING MATRIX FOR 2015-17 PROJECT PRIORITIZATION

Life Safety	Eliminate current life, health, safety issues; includes addition of adequate infrastructure to handle current needs; eliminate many multifunctional areas (i.e., research lab also operating as classroom and/or graduate student offices) that create health and safety issues; research and specialty equipment better served in new space vs. trying to make existing space fit need
Statutory Compliance	ADA compliance – only access to 2nd floor in CIE and ECE buildings is through Dolve Hall, use of freight elevator and then traveling outside on catwalks around Admin building to access other areas in complex; renovations will bring buildings up to current code; all new additional square footage will meet current codes
Deferred/Critical Maintenance	2008 report by Sasaki Strategies indicated deferred maintenance for Engineering facilities in excess of $3,000,000; list has continued to grow
Program or Accreditation	Critical needs maintaining future accreditation of engineering and construction management programs; recent EAC (Engineering Accreditation Commission) report - Criterion 7. Facilities – "requires that classrooms, offices, labs, and associated equipment be adequate to support attainment of student outcomes and to provide atmosphere conducive to learning"; report cited unresolved concerns on inadequate and outdated space for modern engineering instruction, laboratory experiences and computer (technology) applications and "the potential exists for programs to fall out of compliance with this criterion in the future"; teaching, research and graduate student projects presently all housed in same rooms and facilities designed for smaller college serving undergraduate students and only a few Master's students – college currently houses 2,100+ undergraduate and 350 graduate students in Master's and Ph.D. programs; lack of space and current conditions have direct bearing on faculty recruitment and providing students with what could be construed as an incomplete education due to lack of appropriate space to meet academic needs; next general accreditation in college slated for 2018, allowing time to initiate and implement program of work to meet accreditation needs through 2024 and beyond
Partial Legislative Funding	N/A
Significant Outside Support	N/A
High Priority for State	Engineering is a critical need within state; firms are continually asking how to increase number of graduates from NDSU; infrastructure needs, expanding technology corridor activities and new start up companies seeking high quality graduates from NDSU
Urgent Infrastructure Need	College has limitations for academic success with current conditions; adequate infrastructure needed
Master Plan Consistency	Project has been listed in previous master plans; has been placed in top three project needs for current 2014 master plan revision
Existing Space Condition	No significant improvement to facilities since completed in late 1960's (55 years); space inadequate and outdated for modern engineering instruction, laboratory experiences and computer (technology) applications; recent accreditations commented about low quality and limited space in college not meeting current needs for undergraduate students in an engineering college; teaching, research and graduate student projects presently all housed in same rooms and facilities designed for smaller college serving undergraduate students and only a few Master's students – college currently houses 2,100+ undergraduate and 350 graduate students in Master's and Ph.D. programs; lack of space and current conditions have direct bearing on faculty recruitment and providing students with what could be construed as an incomplete education due to lack of appropriate space to meet academic needs; college is also leasing 5,000 square feet off campus due to lack of space.

continued...

CAPITAL PROJECT RANKING MATRIX FOR 2015-17 PROJECT PRIORITIZATION (CONTINUED)

Consolidation of Services and Efficiencies	Recently completed College of Engineering master plan identified numerous efficiency needs within its areas; needs were in classrooms, storage, office space, student spaces and labs; efficiencies will be achieved if plan followed
Removal of Existing Facilities	N/A
Space Efficiency	Same space previously dedicated to undergraduate education now houses more than 2,100 undergraduate and nearly 350 graduate students; space availability critically low; college lacks office space for new faculty, staff and graduate students; lacks adequate teaching lab, research, and teaching classroom space; spaces originally planned for 20 students in lab environment now serve four or five sections of 20 students per week, provide graduate research project space and are main labs for faculty research; college installed 24-hour card access to allow students time to complete work due to lack of space – not conducive to high quality education students deserve; faculty office space availability non-existent; conversion of smaller classrooms for new offices not possible due to campus classroom availability issues; courses being taught with no companion lab class due of lack of space; lack of quality lab space impacts ability to provide faculty with space needed to be competitive in research and in attracting best graduate students; recruiting best faculty also impaired by lack of space; STEM building will impact students taking general courses in first two years of education – however, were unable to program discipline-specific engineering courses and labs into STEM building

CAPITAL PROJECT PRIORITY #3

ENGINEERING – CURRENT FACILITY

Materials teaching lab used by multiple disciplines (Civil, Construction Engineering)

Teaching lab for 8-12 students shared with grad student office/cluster located in back of area

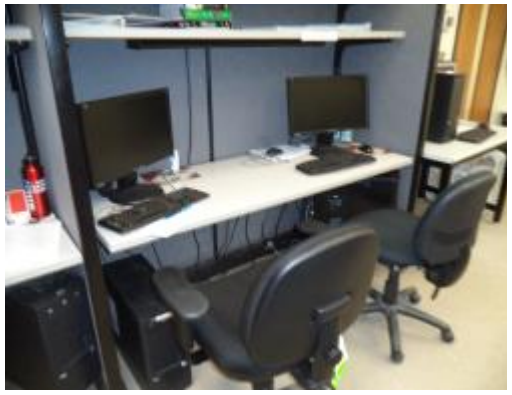
Storage issues in that same lab

Electrical room converted to faculty/ research lab

Lab not offered because lab size too small to accommodate 15 students

Grad offices located in aisle way to same lab, impeding egress

Senior design studio (13'x15') with four work stations used by 13 students



Two grad students sharing 2'x5' office space

CAPITAL PROJECT PRIORITY #3

ENGINEERING – CURRENT FACILITY

Biomed lab sharing space with grad/ senior design students

IME room 133 Area 1: Teaching classroom for 12

Faculty use hallway as office to consult with students, grade papers, etc. due to lack of space

IME room 133 Area 2: Material storage in room; narrow aisle is safety concern

Several hundred dollar (donated) robotic piece of equipment not used because of a lack of space and infrastructure

IME room 133 Area 3: Storage issue; chairs pulled into classroom area when in use

IME room 133 Area 4: Faculty/ research lab with station for department support technician

NDSU 2015-17 MAJOR CAPITAL PROJECT REQUESTS

NON-STATE FUNDED ($1 MILLION OR GREATER)

RANK	PROJECT	FUNDING	AMOUNT
1	Aquatic Center	Bond/Local	$11,000,000

CAPITAL PROJECT PRIORITY #1

AQUATIC CENTER

EXPANSION TO WELLNESS CENTER FACILITIES

~29,000 square feet

- Locker facilities
- Aquatics facilities
  - › Including indoor leisure and indoor competition pool
- Support facilities
- Provide facilities for NDSU students to swim for new exercise options and relaxation
  - › Lifetime recreational activity
  - › Component of physical wellness not offered
    - » Lack of functional swimming pool
- Expand teaching abilities
- Add intermural sporting options
- Also open for use by faculty and staff
- Student body voted and approved project
  - › April 2013 student-wide vote/approval
  - › Information presented to/through:
    - » ~50-60 student organizations
    - » Two student open forums
    - » Multiple informational email messages via listserv to entire student body and all 285 student organizations
    - » Posters placed in Memorial Union and Wellness Center
    - » Published in student newspaper (NDSU Spectrum)

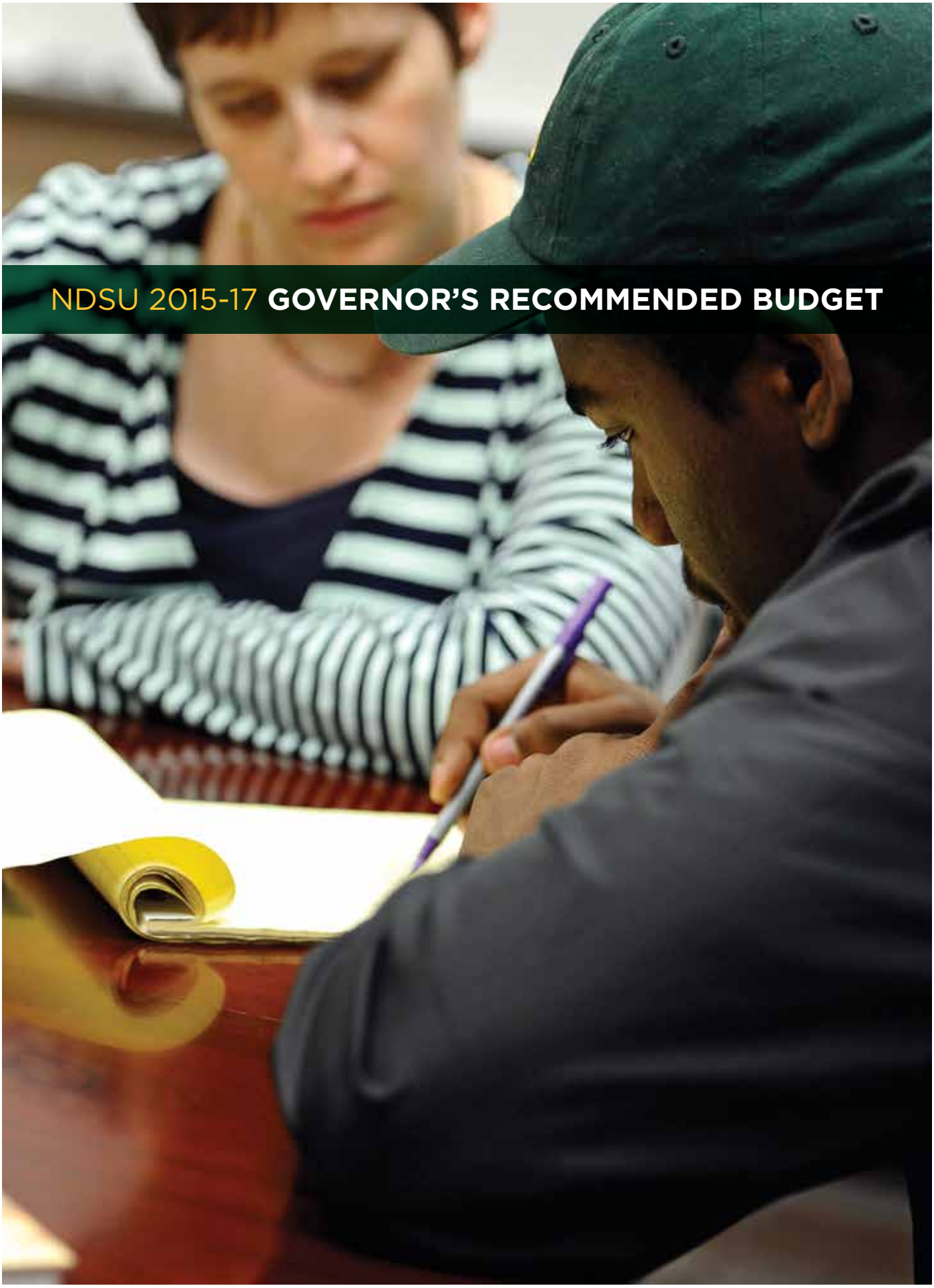
MINARD HALL – CAPITAL PROJECT REAUTHORIZATION

NDSU REQUESTS LEGISLATIVE AUTHORIZATION TO INCREASE THE TOTAL AUTHORIZATION FOR THE MINARD HALL PROJECT FROM $22,874,300 TO $23,474,300 AN INCREASE OF $600,000.

As noted in a letter dated August 29, 2014 from the ND University System legal counsel, the increased authorization is needed because of a contractor on the Minard Hall project has made a claim for additional compensation. After receiving the contractor claim, contractually mandated mediation was held however the contractors claim was not settled during the mediation. A lawsuit has been commenced against the State of ND, the ND Board of Higher Education and NDSU by the contractor. NDSU requests an additional authorization of $600,000 in order to cover a potential award in favor of the contractor and to pay for legal fees, expert fees and other costs associated with the ongoing litigation. This request was approved by the State Board of Higher Education on September 3, 2014.

The litigations related to this incident are on-going with the discovery process being scheduled to be complete as of June 30, 2014. Thereafter, expert disclosures and expert depositions will be started. The trial is scheduled for July 2015. Litigation costs have been higher than anticipated due to the fact that additional parties were required to be included in the litigation because of information revealed during the discovery process.

If legal settlements are less than the estimated costs, NDSU would seek direction from the SBHE for options to pay for the costs incurred, including the possible request for a deficiency appropriation from the Legislative Assembly. Updates on the project progress are provided regularly to the ND University System Chancellor and State Board of Higher Education.



NDSU 2015-17 **GOVERNOR'S RECOMMENDED BUDGET**

Comparison of General Fund Budget Request
And Executive Recommendation

	North Dakota State University			
	SBHE 2015-17 GF Budget Request	**Executive Recommendation**	**Executive Recommendation Over (Under) Budget Request**	
2013-15 Adjusted General Fund Appropriation	**$ 176,840,714**	**$ 176,840,714**	**$ -**	
Base Adjustments	**(33,766,930)**	**(33,766,930)**	**-**	
2013-15 Adjusted General Fund Appropriation, Net of Base Adjustments	**143,073,784**	**143,073,784**	**-**	
2015-17 Requested Base Increases:				
Funding model inflation adjustment includes:				
Cost to continue FY15 salary increases	2,785,403	1,671,242	(1,114,161)	
Operating Inflation (2.4%/2.5%)	3,127,577			
Utilities increases (usage, rates & new facilities)	893,000	535,800	(357,200)	
2015-17 Salary increases (4%/year)	-	7,508,485	7,508,485	
2015-17 Health insurance increases	-	3,194,811	3,194,811	
2015-17 Retirement increases (1% effective 1/1/16)	-	798,619	798,619	
SMHS Rural Med program increase			-	
Funding model adjustment for SCH changes	10,268,987	10,268,987	-	**1/**
Funding model rebalancing adjustment to average of top 2 within tier (Requested highest in tier)	1,083,694	2,824,466	1,740,772	**2/**
Campus Security/System Emergency/Continuity of Operations Planning	205,500	-	(205,500)	
Remove document imaging at campuses, funded CTS	-	(121,794)	(121,794)	**3/**
Remove PAR/Starfish/Hobsons at campuses, funded CTS	-	-	-	**3/**
Remove internal audit campus assessments, funded in NDUS Office	-	(143,624)	(143,624)	**3/**
Increase base extraordinary repairs	8,421,144	1,729,111	(6,692,033)	**4/**
Total Requested Increase in GF Base Funding	26,785,305	28,266,103	4,608,375	
Total Base General Fund Request & Recommendation	**169,859,089**	**171,339,887**	**4,608,375**	
2015-17 Requested One-time Increases:				
Campus Security	1,120,000	840,000	(280,000)	**5/**
2015-17 Special assessments	407,089	1,591,426	1,184,337	**6/**
			-	
Total One-time Recommendation	**1,527,089**	**2,431,426**	**904,337**	
2015-17 State-funded Capital Projects	**105,800,000**	**-**	**(105,800,000)**	
Total 2015-17 General Fund Request & Recommendation	**$ 277,186,178**	**$ 173,771,313**	**$ (100,287,288)**	

1/ Provides additional base general fund dollars for increase in student credit hours produced during 2013-15 including formula adjustments.

2/ Provides additional base general fund dollars to equalize per credit funding to $79.05 for the research universities.

3/ Removes funding from campuses for system led initiatives (no assessments will be required from campuses).

4/ Provides additional base general fund dollars for extraordinary repairs to reach 20% of OMB formula.

5/ Provides one-time general fund dollars for keyless entry locks and security cameras (75% of request).

6/ Provides one-time general fund dollars for payoff of special assessment principle and interest balance.

NDSU
Analysis of 2015-17 Executive Recommendation by Line Item

	2015-17 Exec Recommendation	2013-15 Adj Appropriation	Incr (Decr) over 2013-15 $$ Change	Incr (Decr) over 2013-15 % Change
Operations	140,341,540	125,015,305		
CTC/Sal/Util	13,708,957	10,231,144		
SCH change adjustment	10,268,988	-		
True-up/Equalization	2,824,466	6,431,392		
One time Campus Security	840,000	-		
Campus Assessment/Doc Imaging	(265,418)	(1,336,301)		
Subtotal General Fund Approp-Operations	167,718,533	140,341,540	27,376,993	19.5%
Capital Assests	2,732,244	2,732,244		
One time DM/Extraordinary repairs	-	2,480,703		
Incr base DM/Extraordinary repairs	1,729,111	-		
Special Assessment Payoff	1,591,426	-		
Subtotal General Fund-Capital Assets	6,052,781	5,212,947	839,834	16.1%
Total Operations and Capital Assets	**173,771,314**	**145,554,487**	**28,216,827**	**19.4%**
Major Capital Assets General Fund				
STEM Classroom Bldg	-	29,367,709		
Carryover Capital projects	-	1,918,518		
Total General Fund Appropriation	**173,771,314**	**176,840,714**		

North Dakota State University

Agency 235

Statutory Authority
ND Constitution Section 215, North Dakota Century Code Chapter 15-12.

Agency Description
North Dakota State University (NDSU) has become the first and remains the only North Dakota university ranked in the top tier of the Carnegie Commission on Higher Education and the ranks of the National Science Foundation's top 100 research universities (39th of those without a medical school), with over $150.0 million in annual scholarly research activity reported for the most recent national survey. Those rankings have opened up a steady progression of new partnerships and funding opportunities with other leading universities, private entities and federal agencies, never before possible for a North Dakota university.

NDSU is proud of its tradition as the state's student focused, land-grant, research institution. It embraces that responsibility as a cornerstone of its future productivity, and the contributions it can increasingly provide to North Dakota and the state's residents, as well as the nation's current and future interests.

The University hosts a large and diverse student profile and is home for the largest full-time, on campus enrollment in the states's university system. Located in a vibrant and growing area of the state, and with a growing number of major corporate partners, NDSU has shared a responsibility for creation of an environment that compliments and blends the experiences of its students, faculty and staff with the community in which they live while attending the university.

Major Accomplishments
1. Ranked as the top and only ND research university in the nation based on both the Carnegie Commission on Higher Education and the National Science Foundation. Classified by the Carnegie Commission on Higher Education as "Research University/Very High Research Activity".
2. Received $6.4 million in equalization funding from the new higher education funding formula which 100 percent was used to support Academic Affairs.
3. Initiated construction for a new state funded STEM Classroom building to meet student demand in the science, technology, engineering and math disciplines.
4. Continued demand by prospective undergraduate and graduate students, has been reflected in new full time student enrollment records every year for the past decade, with the fall of 2013 enrollment over 14,600 students.
5. Continued diversity of the NDSU student body, including in the fall of 2013, 1,101 international students representing 87 countries, and an increasing number of U.S. born students reflecting ethnic, cultural and geographical diversity.
6. Achieved a record 89 percent success for student job placement in their major field of study.
7. Initiated and continued efforts for student success through improved sense of welcome and support; retention and graduation rates; focus on students from historically under-represented populations, veterans, and others; and addressed high risk behaviors and other student issues.
8. Completed construction of a major indoor track facility, initiated a renovation of the Sanford Health Athletic Complex.
9. Expanded academic collaborations include development of undergraduate and graduate programs with Minot State and NDSCS.
10. Provided system wide support of academic support functions in IT-based data storage, academic computing (NDSU is the SBHE recognized supercomputing facility for the state), communication, emergency response and support technologies that provide the backbone of many NDUS institutions and the support of their collective academic communities.
11. Continued involvement with the Research and Technology Park and emerging technology firms that have created several thousand new jobs, including employment of over 100 NDSU undergraduate and graduate students.
12. Solidified NDSU as one of the most successful overall NCAA Division-I athletic programs in the nation. NDSU recorded league championships in nine sports, the most recorded in a single year in the storied history of NDSU athletics.

Executive Budget Recommendation
- Provides $171.3 million from the general fund for the state share of campus operations at $79.05 per adjusted student credit hour.
- Approves $1.6 million to pay campus special assessment balances.
- Recommends $840,000 for one-time campus security needs.

REQUEST/RECOMMENDATION COMPARISON SUMMARY

235 North Dakota State University **Bill#: HB1003**

Biennium: 2015-2017

Description	Expenditures Prev Biennium 2011-2013	Present Budget 2013-2015	2015-2017 Requested Incr(Decr)	2015-2017 Requested % Chg	Requested Budget 2015-2017	2015-2017 Recommended Incr(Decr)	2015-2017 Recommended % Chg	Executive Recommendation 2015-2017
By Major Program								
North Dakota State University	168,056,552	247,096,407	45,284,958	18.3%	292,381,365	(61,725,093)	(25.0%)	185,371,314
Total Major Programs	168,056,552	247,096,407	45,284,958	18.3%	292,381,365	(61,725,093)	(25.0%)	185,371,314
Operating Expenses	140,145,495	139,591,540	18,908,662	13.5%	158,500,202	28,126,993	20.1%	167,718,533
Capital Assets	2,613,583	35,330,656	81,622,732	231.0%	116,953,388	(29,277,875)	(82.9%)	6,052,781
Capital Assets Carryover	6,419,048	1,918,518	(1,918,518)	(100.0%)	0	0	0.0%	0
Capital Projects - Non-State	9,875,842	14,413,460	2,514,315	17.4%	16,927,775	(2,813,460)	(19.5%)	11,600,000
Capital Projects Carryover - Non-State	9,002,584	55,842,233	(55,842,233)	(100.0%)	0	0	0.0%	0
Total Line Items	168,056,552	247,096,407	45,284,958	18.3%	292,381,365	(61,725,093)	(25.0%)	185,371,314
By Funding Source								
General Fund	149,178,126	176,840,714	98,612,876	55.8%	275,453,590	(3,069,400)	(1.7%)	173,771,314
Federal Funds	0	4,270,000	(4,270,000)	(100.0%)	0	(4,270,000)	(100.0%)	0
Special Funds	18,878,426	65,985,693	(49,057,918)	(74.3%)	16,927,775	(54,385,693)	(82.4%)	11,600,000
Total Funding Source	168,056,552	247,096,407	45,284,958	18.3%	292,381,365	(61,725,093)	(25.0%)	185,371,314
Total FTE	495.21	537.10	0.00	0.0%	537.10	0.00	0.0%	537.10

NDSU BIENNIAL BUDGET REQUEST 2015-17

NDUS 2015-17 Major Capital Projects
Executive Recommendation

12/5/2014

(1) SBHE Rank	(2) Campus Priority	(3) Project Description	(4) Campus	(5) Project Type (Rn=renovat	(11) Executive Recommendation State	(12) Other	(13) Total	(14) Other Source	(15) Deferred Maint Addressed
TOTAL -NDUS Projects Included in the 2015-17 Budget Request					**$145,009,901**	**$44,848,194**	**$189,858,095**		**$46,994,087**
Section 1: CAMPUSES - STATE FUNDED PROJECTS RECOMMENDED by SBHE FOR INCLUSION IN 2015-17 BUDGET REQUEST									
63rd Legislative Action									
N/A	**1**	SMHS Completion	UND	A, Rn, NC	**$62,000,000**		**$62,000,000**		**$0**
Valley City Flood Mitigation									
N/A	**2**	Fine Arts Bldg, including demolition of Foss and McCarthy	VCSU	NC	**$25,850,000**		**$25,850,000**		**$7,763,660**
Life-Safety Priorities									
1	**1**	Heating Plant Replacement	VCSU	NC	$14,289,000		$14,289,000		$12,426,504
2	**1**	Dunbar Hall II, including demolition of Dunbar	NDSU	NC	$0		$0		$0
3	**3**	Nelson Science Center	DCB	Rn	$1,098,789		$1,098,789		$525,000
4	**4**	UND Airport Apron Renovation		Rp	$16,000,000		$16,000,000		$0
	Subtotal Life-Safety Priorities				**$31,387,789**		**$31,387,789**		**$12,951,504**
Deferred Maintenance Priorities									
1	**1**	Major Campus Infrastructure	BSC	Rp	$1,575,000		$1,575,000		$1,200,000
2	**1**	Campus Water, Sewer Infrastructure	NDSCS	Rp	$13,298,000		$13,298,000		$13,298,000
3	**1**	Switchgear, Electrical Service, Window Replacement	LRSC	Rp	$1,648,423		$1,648,423		$1,648,423
	Subtotal Deferred Maintenance Priorities				**$16,521,423**		**$16,521,423**		**$16,146,423**
Program/Accreditation Priorities									
1	**1**	Accreditation Projects (Sudro Hall Addition)	NDSU	A/Rn	$0		$0		$0
2	**1**	Strategic Renovation/Renewal	UND	Rn/Rp	$0		$0		$0
3	**1**	Allied Health Facility	WSC	NC	$0		$0		$0
4	**2**	Fargo Expansion Phase 1	NDSCS	NC	$0		$0		$0
5	**1**	Career and Technical Education (CTE)	MiSU	NC	$0		$0		$0
6	**2**	Accreditation Projects (Engineering) – Phase 1	NDSU	NC,Rn	$0		$0		$0
	Subtotal Program/Accreditation Priorities				**$0**		**$0**		**$0**
System-wide Projects									
		2015-17 Special Assessments Installment ($4,250,690 Payoff)	System		$4,250,689		$4,250,689		
		Deferred maintenance pool	System		$5,000,000		$5,000,000		$5,000,000
	Subtotal System-wide Projects				**$9,250,689**		**$9,250,689**		**$5,000,000**
		Total State Funded Projects Requested - Campuses			***$145,009,901***		***$145,009,901***		***$41,861,587***
Section 3: Non-State Funded (Unranked) Projects Recommended by SBHE for Inclusion in 2015-17 Budget Request									
		Student Union LL Renovation	BSC	Rn		$600,000	$600,000	Local	N/A
		Student Engagement	UND	Misc Rn's		$6,000,000	$6,000,000	Private	
		Aquatic Center	NDSU	E		$11,000,000	$11,000,000	Rev bonds/local	
		Memorial Union Dining Center Expansion & Accessibility	NDSU	A/Rn		$0	$0	Local	
		Residence Dining Center Kitchen Remodel & Roof Replacement	NDSU	Rn		$0	$0	Local	$300,000
		Low Rise Lavatories-Phases IV and V	NDSU	Rn		$0	$0	Local	$1,582,500
		Minard Hall Mediation Settlement – Increased Authorization	NDSU			$600,000	$600,000	Insurance proceeds, legal settlements, possible deficiency appropriation & other available funds	N/A
		Robertson Hall Restroom Renovation	NDSCS	Rn		$0	$0	Private/local	$1,000,000

NDUS 2015-17 Major Capital Projects
Executive Recommendation

12/5/2014

(1)	(2)	(3)	(4)	(5)	(11)	(12)	(13)	(14)	(15)
SBHE Rank	Campus Priority	Project Description	Campus	Project Type	Executive Recommendation				Deferred Maint Addressed
				Rn=renovat	State	Other	Total	Other Source	
		Woods Hall Renovation	DSU	Rn		$0	$0	Local/oil impact grant/ revenue bonds	$2,250,000 (est)
		Health, Wellness, and Physical Education Facility	VCSU	NC		$16,000,000	$16,000,000	Private/local	N/A
		Dorm Updates and Remodeling	DCB	Rn		$3,784,076	$3,784,076	Local	N/A
		Health and Wellness Facility	DCB	NC		$6,864,118	$6,864,118	Private/local	N/A
		Total Non-State Funded Projects - Campuses				**$44,848,194**	**$44,848,194**		**$5,132,500**

2015-17 Requested Base Increase (Per Funding Model),
Excluding $2.5 million added to WSC and MiSU (in the formula calculation)

	(1)	(2)	(3)	(4)	(6)	(7)	(8)	(9)
	2013-15 Base Operating Budget	96% Minimum Funding	2013-15 Base Per SCH Funding	Final ASCH for 15-17 Calculation	Prelim ASCH x 2013-15 Base Per SCH (Col 3 x Col 5)	2015-17 Increase (Decrease) (Col6-Col1)	Final ASCH x 2013-15 Highest Base Per SCH (Col 3 x Col 4 high/sector)	2015-17 Increase (Decrease) (Col5-Col1)
BSC	$33,071,327	$31,748,474	109.82	289,484	$31,791,133	($1,280,194)	$35,172,306	$2,100,979
DCB	$8,006,050	$7,685,808	110.87	75,764	$8,399,933	$393,883	$9,205,302	$1,199,252
LRSC	$12,584,464	$12,081,085	110.36	130,465	$14,398,073	$1,813,609	$15,851,449	$3,266,985
NDSCS	$39,193,835	$37,626,082	109.77	412,290	$45,257,073	$6,063,238	$50,093,235	$10,899,400
WSC	$10,481,307	$10,062,055	121.50	86,732	$10,537,908	$56,601	$10,537,908	$56,601
2-Year Sector	**$103,336,983**			**994,734**	**$110,384,120**	**$7,047,137**	**$120,860,199**	**$17,523,216**
DSU*	$26,708,305	$25,639,973	105.38	234,079	$25,639,973	($1,068,332)	$25,639,973	($1,068,332)
MaSU	$14,723,416	$14,134,479	103.56	155,960	$16,151,218	$1,427,802	$16,781,296	$2,057,880
VCSU	$21,099,454	$20,255,476	103.84	229,393	$23,820,159	$2,720,705	$24,682,676	$3,583,222
MiSU	$42,209,831	$40,521,438	107.60	412,985	$44,437,186	$2,227,355	$44,437,186	$2,227,355
4-Year Sector	**$104,741,006**			**1,032,417**	**$110,048,535**	**$5,307,529**	**$111,541,131**	**$6,800,125**
NDSU	$143,073,784	$137,350,833	70.75	2,167,389	$153,342,772	$10,268,988	$154,426,466	$11,352,682
UND	$206,857,161	$198,582,875	71.25	3,090,436	$220,193,565	$13,336,404	$220,193,565	$13,336,404
NDSU/UND	**$349,930,945**			**5,257,825**	**$373,536,337**	**$23,605,392**	**$374,620,031**	**$24,689,086**
Total	**$558,008,934**			**7,284,976**	**$593,968,991**	**$35,960,057**	**$607,021,361**	**$49,012,427**

*DSU - 96% minimum in column 5 because base x ASCH is less than the minimum guarantee.

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NDUS Institutions
2015-17 General Fund Operating Appropriation

2013-15 Adjusted Base Funding per SCH						
Institution	2009-11 Adjusted Student Credit Hours (ASCH)	2013-15 Appropriated Base per ASCH	2013-15 Base Budget Appropriation	Adjust for Energy Impact and Flood Funds	2013-15 Base Budget	2013-15 Base per ASCH
BSC	301,144	$ 109.82	$ 33,071,327		$ 33,071,327	$ 109.82
DCB	72,210	$ 110.87	$ 8,006,050		$ 8,006,050	$ 110.87
LRSC	114,027	$ 110.36	$ 12,584,464		$ 12,584,464	$ 110.36
NDSCS	357,064	$ 109.77	$ 39,193,835		$ 39,193,835	$ 109.77
WSC	86,265	$ 150.48	$ 12,981,307	$ (2,500,000)	$ 10,481,307	$ 121.50
DSU	253,455	$ 105.38	$ 26,708,305		$ 26,708,305	$ 105.38
MASU	142,172	$ 103.56	$ 14,723,416		$ 14,723,416	$ 103.56
MISU	392,279	$ 113.97	$ 44,709,831	$ (2,500,000)	$ 42,209,831	$ 107.60
VCSU	203,189	$ 103.84	$ 21,099,454		$ 21,099,454	$ 103.84
NDSU	2,022,290	$ 70.75	$ 143,073,784		$ 143,073,784	$ 70.75
UND / Med	2,903,224	$ 71.25	$ 206,857,161		$ 206,857,161	$ 71.25
TOTALS	**6,847,319**		**$ 563,008,934**	**$ (5,000,000)**	**$ 558,008,934**	

2013-15 Adjusted Base Funding per ASCH							
Institution	2013-15 Base Budget	96% Minimum Funding Level per NDCC 15-18.2-06	2011-13 Adjusted Student Credit Hours (ASCH)	2013-15 Base per ASCH	Calculated Per SCH Funding Level	2015-17 Base Budget *(Higher of Calculated or Minimum)*	SCH Production Adjustment
BSC	$ 33,071,327	$ 31,748,474	289,484	$ 109.82	$ 31,791,133	$ 31,791,133	$ (1,280,194)
DCB	$ 8,006,050	$ 7,685,808	75,764	$ 110.87	$ 8,399,933	$ 8,399,933	$ 393,883
LRSC	$ 12,584,464	$ 12,081,085	130,465	$ 110.36	$ 14,398,073	$ 14,398,073	$ 1,813,609
NDSCS	$ 39,193,835	$ 37,626,082	412,290	$ 109.77	$ 45,257,073	$ 45,257,073	$ 6,063,238
WSC	$ 10,481,307	$ 10,062,055	86,732	$ 121.50	$ 10,537,908	$ 10,537,908	$ 56,601
DSU	$ 26,708,305	$ 25,639,973	234,079	$ 105.38	$ 24,667,250	$ 25,639,973	$ (1,068,332)
MASU	$ 14,723,416	$ 14,134,479	155,960	$ 103.56	$ 16,151,218	$ 16,151,218	$ 1,427,802
MISU	$ 42,209,831	$ 40,521,438	412,985	$ 107.60	$ 44,437,186	$ 44,437,186	$ 2,227,355
VCSU	$ 21,099,454	$ 20,255,476	229,393	$ 103.84	$ 23,820,159	$ 23,820,159	$ 2,720,705
NDSU	$ 143,073,784	$ 137,350,833	2,167,389	$ 70.75	$ 153,342,772	$ 153,342,772	$ 10,268,988
UND / Med	$ 206,857,161	$ 198,582,875	3,090,436	$ 71.25	$ 220,193,565	$ 220,193,565	$ 13,336,404
TOTALS	**$ 558,008,934**	**$ 535,688,578**	**7,284,977**		**$ 592,996,270**	**$ 593,968,993**	**$ 35,960,059**

2015-17 Budget before Rebalancing									
Institution	2013-15 Base Budget	SCH Production Adjustment	Inflationary Adjustment	24/7 Security	Extraordinary Repairs	Document Imaging Assessment / PAR Starfish	Eliminate Internal Audit Assessment	Tuition Freeze	2015-17 Budget before Rebalancing
BSC	$ 33,071,327	$ (1,280,194)	2,967,080	$ 505,500	$ 219,002	$ (19,667)	$ (20,155)	$ 975,753	$ 36,418,646
DCB	$ 8,006,050	$ 393,883	599,767	$ 337,000	$ 57,055	$ (4,806)	$ (3,562)	$ 197,133	$ 9,582,520
LRSC	$ 12,584,464	$ 1,813,609	1,020,638	$ 405,500	$ 141,616	$ (6,833)	$ (5,253)	$ 336,184	$ 16,289,925
NDSCS	$ 39,193,835	$ 6,063,238	2,839,481	$ 252,750	$ 585,109	$ (21,560)	$ (16,769)	$ 933,718	$ 49,829,802
WSC	$ 10,481,307	$ 56,601	988,279	$ -	$ 194,957	$ (6,597)	$ (9,879)	$ 323,934	$ 12,028,602
DSU	$ 26,708,305	$ (1,068,332)	2,353,994	$ -	$ 400,663	$ (10,269)	$ (17,334)		$ 28,367,027
MASU	$ 14,723,416	$ 1,427,802	1,186,866	$ 405,500	$ 154,494	$ (9,841)	$ (10,023)		$ 17,878,214
MISU	$ 42,209,831	$ 2,227,355	4,447,379	$ -	$ 503,247	$ (23,402)	$ (31,429)		$ 49,332,981
VCSU	$ 21,099,454	$ 2,720,705	1,650,973	$ 505,500	$ 145,685	$ (42,153)	$ (8,463)		$ 26,071,701
NDSU	$ 143,073,784	$ 10,268,988	13,708,957	$ -	$ 1,729,111	$ (121,794)	$ (143,624)		$ 168,515,422
UND / Med	$ 206,857,161	$ 13,336,404	22,334,272	$ -	$ 2,271,772	$ (324,403)	$ (165,136)		$ 244,310,070
TOTALS	**$ 558,008,934**	**$ 35,960,059**	**$ 54,097,686**	**$ 2,411,750**	**$ 6,402,711**	**$ (591,325)**	**$ (431,627)**	**$ 2,766,722**	**$ 658,624,910**

2015-17 Operating Appropriation									
Institution	2015-17 Budget before Rebalancing	2011-13 Adjusted Student Credit Hours (ASCH)	Per SCH	Balancing Adjustment	Rebalanced 2015-17 Budget	2015-17 Base per ASCH Rate	2013-15 Energy and Flood Funds	2015-17 Operating Appropriation	2015-17 Total per ASCH Rate
BSC	$ 36,418,646	289,484	125.81	1,961,946	$ 38,380,592	132.58		$ 38,380,592	$ 132.58
DCB	$ 9,582,520	75,764	126.48	462,481	$ 10,045,001	132.58		$ 10,045,001	$ 132.58
LRSC	$ 16,289,925	130,465	124.86	1,007,487	$ 17,297,412	132.58		$ 17,297,412	$ 132.58
NDSCS	$ 49,829,802	412,290	120.86	4,832,751	$ 54,662,553	132.58		$ 54,662,553	$ 132.58
WSC	$ 12,028,602	86,732	138.69	-	$ 12,028,602	138.69	$ 2,500,000	$ 14,528,602	$ 167.51
DSU	$ 28,367,027	234,079	121.19	-	$ 28,367,027	121.19		$ 28,367,027	$ 121.19
MASU	$ 17,878,214	155,960	114.63	886,921	$ 18,765,135	120.32		$ 18,765,135	$ 120.32
MISU	$ 49,332,981	412,985	119.45	357,447	$ 49,690,428	120.32	$ 2,500,000	$ 52,190,428	$ 126.37
VCSU	$ 26,071,701	229,393	113.66	1,528,905	$ 27,600,606	120.32		$ 27,600,606	$ 120.32
NDSU	$ 168,515,422	2,167,389	77.75	2,824,466	$ 171,339,888	79.05		$ 171,339,888	$ 79.05
UND / Med	$ 244,310,070	3,090,436	79.05	-	$ 244,310,070	79.05		$ 244,310,070	$ 79.05
TOTALS	**$ 658,624,910**	**7,284,977**		**13,862,405**	**$ 672,487,315**		**$ 5,000,000**	**$ 677,487,315**	

Average	$	127.34
Average Top 2	**$**	**132.58**
High	$	138.69
Average	$	117.23
Average Top 2	**$**	**120.32**
High	$	121.19
Average	$	78.40
High	**$**	**79.05**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	Cost to Continue FY15 Legislatively Funded Salary Increases (+ new positions)	Increase Maintenance and Repairs to 20% of OMB Formula	Rural Med	**Subtotal, Cost to Continue Salaries & Retirement (Col 1+2+3)**	4%/4% Annual Salary Increases	Health Insurance Increases $1,161.59	Retirement Increase 1% 1/1/2016	Centralized Doc Imaging	PAR & Starfish/Hobsons	Internal Audit	Estimated Actual Utility Increases	Estimated Utility Costs of New Bldgs Coming Online 2015-17	Subtotal Operating Increases (Col 4 - 12)	Targeted State Portion Per Funding Model
BSC	472,425	219,002		**691,427**	2,117,575	1,059,599	208,508	(26,222)		(26,873)	-	98,000	4,122,014	75%
DCB	83,115	57,055		**140,170**	406,180	266,731	43,663	(6,408)		(4,749)	-	-	845,587	75%
LRSC	149,602	141,616		**291,218**	743,935	387,184	80,130	(9,110)		(7,004)	-	-	1,486,353	75%
WSC	131,324	194,957		**326,281**	806,874	284,785	60,078	(8,796)		(13,172)	-	34,644	1,490,694	75%
UND	2,889,211	2,271,772		**5,160,983**	12,651,681	5,248,432	1,337,318	(220,172)	(320,500)	(275,226)	4,005,153	2,927,935	30,515,604	
UND SMHS	789,992	-	996,843	**1,786,835**	4,221,959	1,028,577	462,124				-	-	7,499,495	
Total-UND/SMHS	3,679,203	2,271,772	996,843	**6,947,818**	16,873,640	6,277,009	1,799,442	(220,172)	(320,500)	(275,226)	4,005,153	2,927,935	38,015,099	60%
NDSU	2,785,403	1,729,111		**4,514,514**	12,514,142	5,324,685	1,331,032	(202,990)		(239,374)	-	893,000	24,135,009	60%
NDSCS	439,014	585,109		**1,024,123**	2,020,822	1,112,729	213,410	(28,746)		(22,358)	-	-	4,319,980	75%
DSU	414,726	400,663		**815,389**	1,984,442	793,330	170,351	(14,670)		(24,763)	-	-	3,724,079	70%
MaSU	167,114	154,494		**321,608**	769,924	486,572	83,908	(14,058)		(14,319)	107,927	80,078	1,821,640	70%
MiSU	669,472	503,247		**1,172,719**	2,987,508	1,440,274	395,427	(33,432)		(44,898)	808,717	52,000	6,778,315	70%
VCSU	259,001	145,685		**404,686**	1,219,009	700,076	129,651	(14,218)	(46,000)	(12,090)	-	50,796	2,431,910	70%
Subtotal	9,250,399	6,402,711	996,843	**16,649,953**	42,444,051	18,132,974	4,515,600	(578,822)	(366,500)	(684,826)	4,921,797	4,136,453	89,170,680	

	TARGETED STATE SHARE OF EACH OF ABOVE COMPONENTS, BASED % IN COLUMN 14													Two-Year Only Tuition Freeze
BSC	354,319	219,002		**573,321**	1,588,181	794,699	156,381	(19,667)	-	(20,155)	-	73,500	**3,146,261**	975,753
DCB	62,336	57,055		**119,391**	304,635	200,048	32,747	(4,806)	-	(3,562)	-	-	**648,454**	197,133
LRSC	112,202	141,616		**253,818**	557,951	290,388	60,098	(6,833)	-	(5,253)	-	-	**1,150,169**	336,184
WSC	98,493	194,957		**293,450**	605,156	213,589	45,059	(6,597)	-	(9,879)	-	25,983	**1,166,760**	323,934
UND	1,733,527	2,271,772		**4,005,299**	7,591,009	3,149,059	802,391	(132,103)	(192,300)	(165,136)	2,403,092	1,756,761	**19,218,071**	
UND SMHS	473,995	-	996,843	**1,470,838**	2,533,175	617,146	277,274	-	-	-	-	-	**4,898,434**	
Total-UND/SMHS	2,207,522	2,271,772	996,843	**5,476,137**	10,124,184	3,766,205	1,079,665	(132,103)	(192,300)	(165,136)	2,403,092	1,756,761	**24,116,505**	
NDSU	1,671,242	1,729,111		**3,400,353**	7,508,485	3,194,811	798,619	(121,794)	-	(143,624)	-	535,800	**15,172,650**	
NDSCS	329,261	585,109		**914,370**	1,515,617	834,547	160,058	(21,560)	-	(16,769)	-	-	**3,386,262**	933,718
DSU	290,308	400,663		**690,971**	1,389,109	555,331	119,246	(10,269)	-	(17,334)	-	-	**2,727,054**	
MaSU	116,980	154,494		**271,474**	538,947	340,600	58,736	(9,841)	-	(10,023)	75,549	56,055	**1,321,496**	
MiSU	468,630	503,247		**971,877**	2,091,256	1,008,192	276,799	(23,402)	-	(31,429)	566,102	36,400	**4,895,795**	
VCSU	181,301	145,685		**326,986**	853,306	490,053	90,756	(9,953)	(32,200)	(8,463)	-	35,557	**1,746,043**	
Subtotal	5,892,593	6,402,711	996,843	**13,292,147**	27,076,827	11,688,464	2,878,162	(366,823)	(224,500)	(431,626)	3,044,743	2,520,056	**59,477,448**	**2,766,722**

NORTH DAKOTA UNIVERSITY SYSTEM
2015-17 MAJOR CAPITAL PROJECTS (Comparison of 2015-17 Executive Recommendation to the Budget Request)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	2015-17 Executive Recommendation					2015-17 Budget Request				
	General Fund	Revenue Bonding	Other Funds	Federal Funds	Total Funds	General Fund	Revenue Bonding	Other Funds	Federal Funds	Total Funds
BSC:										
Major Remodeling & Infrastructure										
Major Campus Infrastructure	1,575,000	-	-	-	1,575,000	1,575,000	-	-	-	1,575,000
Student Union Lower Level Renovation	-	-	600,000	-	600,000	-	-	600,000	-	600,000
Subtotal (HB1003)	1,575,000	-	600,000	-	2,175,000	1,575,000	-	600,000	-	2,175,000
LRSC:										
Infrastructure										
Switchgear, Electrical Service, Window Replacement	1,648,423	-	-	-	1,648,423	1,648,423	-	-	-	1,648,423
Subtotal (HB1003)	1,648,423	-	-	-	1,648,423	1,648,423	-	-	-	1,648,423
WSC:										
New Construction										
Allied Health Facility	-	-	-	-	-	14,000,000	-	-	-	14,000,000
Subtotal (HB1003)	-	-	-	-	-	14,000,000	-	-	-	14,000,000
UND and SMHS:										
New Construction/Additions/Renovations										
SMHS Completion	62,000,000	-	-	-	62,000,000	62,000,000	-	-	-	62,000,000
UND Airport Project	16,000,000	-	-	-	16,000,000	16,000,000	-	-	-	16,000,000
Strategic Renovation/Renewal Projects	-	-	-	-	-	10,000,000	-	-	-	10,000,000
Student Engagement Projects	-	-	6,000,000	-	6,000,000	-	-	6,000,000	-	6,000,000
Subtotal (HB1003)	78,000,000	-	6,000,000	-	84,000,000	88,000,000	-	6,000,000	-	94,000,000
NDSU:										
New Construction/Additions/Renovations										
Dunbar Hall II, Including Demolition of Dunbar	-	-	-	-	-	45,900,000	-	-	-	45,900,000
Accreditation Project-Sudro Hall Addition/Renovation	-	-	-	-	-	32,700,000	-	-	-	32,700,000
Accreditation Project-Engineering (Phase I)	-	-	-	-	-	27,200,000	-	-	-	27,200,000
Aquatic Center Expansion	-	9,500,000	1,500,000	-	11,000,000	-	9,500,000	1,500,000	-	11,000,000
Other - Minard Hall Increased Other Fund Authorization for Mediation Settlement	-	-	600,000	-	600,000	-	-	600,000	-	600,000
Subtotal (HB1003)	-	9,500,000	2,100,000	-	11,600,000	105,800,000	9,500,000	2,100,000	-	117,400,000
NDSCS:										
New Construction & Infrastucture										
Fargo Expansion Phase 1	-	-	-	-	-	10,000,000	-	-	-	10,000,000
Campus Water & Sewer Infrastructure	13,298,000	-	-	-	13,298,000	13,298,000	-	-	-	13,298,000
Subtotal (HB1003)	13,298,000	-	-	-	13,298,000	23,298,000	-	-	-	23,298,000
DSU:										
Major Renovations										
Woods Hall Renovation	-	-	-	-	-	-	6,100,000	1,400,000	-	7,500,000
Subtotal (HB1003)	-	-	-	-	-	-	6,100,000	1,400,000	-	7,500,000
MiSU										
New Construction/Additions										
Career and Technical Education (CTE)	-	-	-	-	-	8,000,000	-	-	-	8,000,000
Subtotal (HB1003)	-	-	-	-	-	8,000,000	-	-	-	8,000,000

NORTH DAKOTA UNIVERSITY SYSTEM
2015-17 MAJOR CAPITAL PROJECTS (Comparison of 2015-17 Executive Recommendation to the Budget Request)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	2015-17 Executive Recommendation					2015-17 Budget Request				
	General Fund	Revenue Bonding	Other Funds	Federal Funds	Total Funds	General Fund	Revenue Bonding	Other Funds	Federal Funds	Total Funds
VCSU:										
New Construction										
Fine Arts Building, Including Demolition of Foss and McCarthy	25,850,000	-	-	-	25,850,000	25,850,000	-	-	-	25,850,000
Heating Plant Replacement	14,289,000	-	-	-	14,289,000	14,289,000	-	-	-	14,289,000
Health, Wellness and Physical Education Facility	-	-	16,000,000	-	16,000,000	-	-	16,000,000	-	16,000,000
Subtotal (HB1003)	40,139,000	-	16,000,000	-	56,139,000	40,139,000	-	16,000,000	-	56,139,000
Dakota College at Bottineau:										
New Construction/Renovation										
Nelson Scienc Center Renovation	1,098,789	-	-	-	1,098,789	1,098,789	-	-	-	1,098,789
Dormitory Upgrades/Remodeling	-	-	3,784,076	-	3,784,076	-	-	3,784,076	-	3,784,076
Health and Wellness Facility	-	-	6,864,118	-	6,864,118	-	-	6,864,118	-	6,864,118
Subtotal (HB1003)	1,098,789	-	10,648,194	-	11,746,983	1,098,789	-	10,648,194	-	11,746,983
Campus Total (HB1003)	135,759,212	9,500,000	35,348,194	-	180,607,406	283,559,212	15,600,000	36,748,194	-	335,907,406
Main Station:										
New Construction/Additions										
Veterinary Diagnostic Lab (Main REC)	18,000,000	-	-	-	18,000,000	18,000,000	-	-	-	18,000,000
Meats Lab Facility (Main REC)	-	-	-	-	-	7,600,000	-	-	-	7,600,000
Seed Conditioning Plants (CREC, LREC, NCREC & WREC)	-	-	-	-	-	5,250,000	-	-	-	5,250,000
Agronomy Lab (CGREC) Additional Appropriation Request, plus $400,000 Carryover From 2013-15; Total Requested Authorization = $1,183,796	783,796	-	-	-	783,796	783,796	-	-	-	783,796
Total (HB1020)	18,783,796	-	-	-	18,783,796	31,633,796	-	-	-	31,633,796
TOTAL-ALL	154,543,008	9,500,000	35,348,194	-	199,391,202	315,193,008	15,600,000	36,748,194	-	367,541,202

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NORTH DAKOTA UNIVERSITY SYSTEM

2015-17 Executive Recommendation - Extraordinary Repairs/Other

Institution	(1) Base extraordinary repairs	(2) Base incr to 20pct OMB formula	(3) Def Mnt Pool	(4) Pay off special assessments	(5) One-time campus security	(6) TOTAL
BSC	$417,673	$219,002	$0	$1,357,600	$337,500	$2,331,775
LRSC	155,367	141,616	-	-	$0	$296,983
WSC	197,801	194,957	-	285,000	$866,250	$1,544,008
UND	4,411,566	2,271,772	-	241,585	$0	$6,924,923
NDSU	2,732,244	1,729,111	-	1,591,426	$0	$6,052,781
NDSCS	1,012,379	585,109	-	275,098	$0	$1,872,586
DSU	409,078	400,663	-	-	$0	$809,741
MASU	358,992	154,494	-	228,285	$435,000	$1,176,771
MISU	899,620	503,247	-	-	$814,500	$2,217,367
VCSU	408,319	145,685	-	243,238	$544,441	$1,341,683
DCB	114,007	57,055	-	28,457	$187,500	387,019
Subtotal	**11,117,046**	**6,402,711**	**-**	**4,250,689**	**3,185,191**	**24,955,637**
NDUS Office	-	-	5,000,000	-	$0	$5,000,000
Forest Service	44,962	44,260	-	-	$0	$89,222
NDSU Extension Service	-	-	-	-	$0	$0
NDSU-Main Research	1,340,465	-	-	-	$0	1,340,465
Subtotal	**1,385,427**	**44,260**	**5,000,000**	**-**	**-**	**6,429,687**
Total	**$12,502,473**	**$6,446,971**	**$5,000,000**	**$4,250,689**	**$3,185,191**	**$31,385,324**

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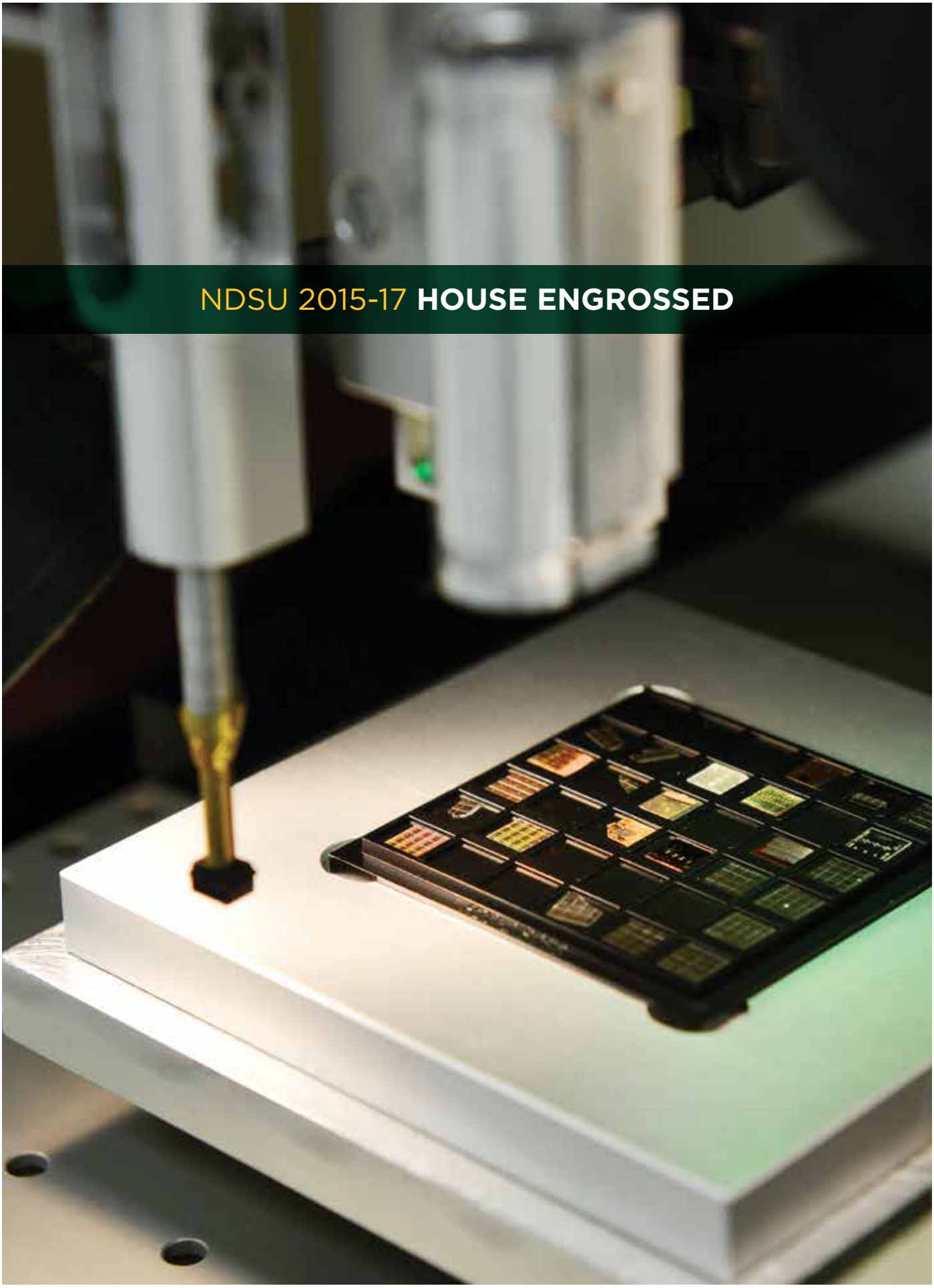

NDSU 2015-17 HOUSE ENGROSSED

Comparison of Executive Recommendation And House Adjustments

North Dakota State University

	Executive Recommendation	House Adjustments	2015-17 Increases (Decreases) Per Engrossed HB 1003
2013-15 Adjusted General Fund Appropriation	**$ 176,840,714**	**$ -**	**$ 176,840,714**
Base Adjustments	**(33,766,930)**	**-**	**(33,766,930)**
2013-15 Adjusted General Fund Appropriation, Net of Base Adjustments	**143,073,784**	**-**	**143,073,784**
2015-17 Requested Base Increases:			
Cost to continue FY15 salary increases	1,671,242	(1,671,242)	-
Operating Inflation (2.4%/2.5%)	-	-	-
Utilities increases (usage, rates & new facilities)	535,800	(535,800)	-
2015-17 Salary increases (4%/year) ***1/***	7,508,485	(7,508,485)	-
2015-17 Health insurance increases	3,194,811	(3,194,811)	-
2015-17 Retirement increases (1% effective 1/1/16)	798,619	(798,619)	-
Funding model update-SCH change	10,268,987	(3,465)	10,265,522
Funding model rebalance to average of top 2 within tier (Requested highest in tier)	2,824,466	(2,279,153)	545,313
Two-year tuition freeze	-	-	-
Campus Security/System Emergency/Continuity of Operations Planning	-	-	-
Remove document imaging at campuses, funded CTS	(121,794)	-	(121,794)
CTS	-	-	-
Remove internal audit campus assessments, funded in NDUS Office	(143,624)	-	(143,624)
Increase base extraordinary repairs	1,729,111	(1,729,111)	-
Transfer base extraordinary repairs to NDUS pool	-	(2,732,244)	(2,732,244)
Total Requested Increase in GF Base Funding	28,266,103	(20,452,930)	7,813,173
Total Base General Fund Request & Recommendatic	**171,339,887**	**(20,452,930)**	**150,886,957**
2015-17 Requested One-time Increases:			
Campus Security	840,000	(840,000)	-
2015-17 Special assessments	1,591,426	-	1,591,426
Total One-time Recommendation	**2,431,426**	**(840,000)**	**1,591,426**
2015-17 State-funded Capital Projects	**-**	**-**	**-**
Total 2015-17 General Fund Request & Recommenda	**$ 173,771,313**	**$ (21,292,930)**	**$ 152,478,383**

1/ : 3% salary increase = $5,612,840 (60% state share)

Prepared by the North Dakota Legislative Council staff for House Appropriations
January 19, 2015

Department 235 - North Dakota State University
House Bill No. 1003

Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2015-17 Executive Budget	537.10	$173,771,314	$11,600,000	$185,371,314
2013-15 Legislative Appropriations[1,2]	491.21	171,193,784	39,819,356	211,013,140
Increase (Decrease)	45.89	$2,577,530	($28,219,356)	($25,641,826)

[1]The number of FTE positions for the 2013-15 biennium does not reflect an adjustment of 45.89 positions, from 491.21 to 537.10, pursuant to Section 36 of 2013 Senate Bill No. 2003 which authorizes 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.

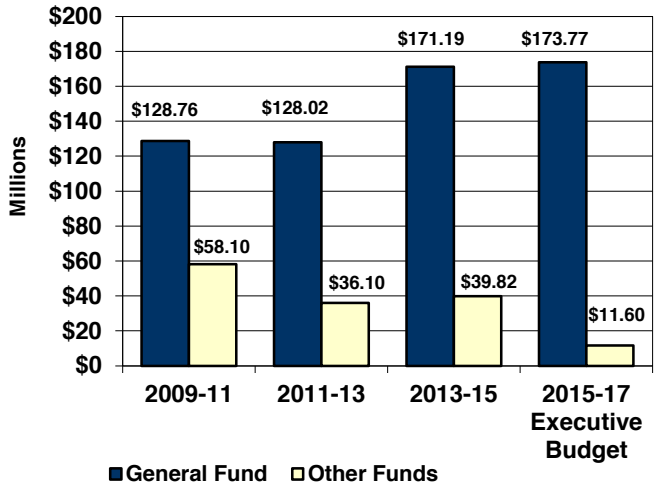
[2]The 2013-15 appropriation amounts do not include the following general fund allocations to the institution from one-time funding pools and one-time program funding appropriated to the North Dakota University System office:

- Deferred maintenance funding pool allocations of $2,480,703.
- Capital projects contingency funding pool allocations of $1,247,709.
- Grants received from the higher education challenge fund.

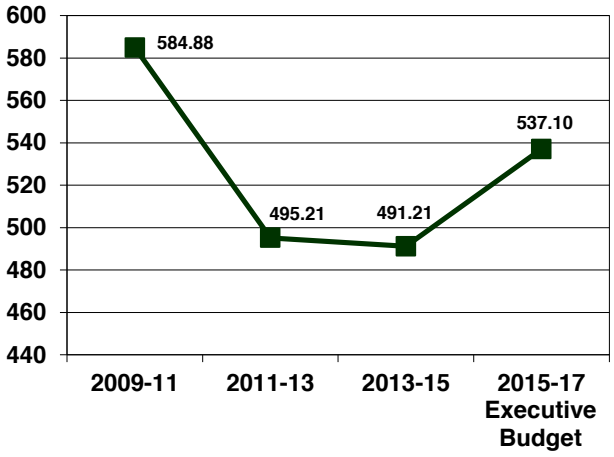
Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2015-17 Executive Budget	$171,339,888	$2,431,426	$173,771,314
2013-15 Legislative Appropriations	143,073,784	28,120,000	171,193,784
Increase (Decrease)	$28,266,104	($25,688,574)	$2,577,530

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2015-17 Executive Budget	$173,771,314	$11,600,000	$185,371,314
2015-17 Base Level	143,073,784	0	143,073,784
Increase (Decrease)	$30,697,530	$11,600,000	$42,297,530

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Provides funding increases through the higher education funding formula for the following components:			
• Formula adjustment to reflect an increase in completed student credit-hours	$10,268,988	$0	$10,268,988
• Inflation adjustment for salary, benefit, and utility increases	13,708,957	0	13,708,957

• Equity adjustment to increase the level of institution credit-hour funding to the average of the highest two institutions within its tier	2,824,466	0	2,824,466
Total	$26,802,411	$0	$26,802,411
2. Removes funding for internal audit assessments paid to the University System office. (Funding is added to the University System office for internal audit functions.)	($143,624)	$0	($143,624)
3. Transfers funding for predictive analytics and document imaging to the University System office	($121,794)	$0	($121,794)
4. Increases funding for base extraordinary repairs to provide total funding of $4,461,355	$1,729,111	$0	$1,729,111
5. Adds **one-time funding** to pay off outstanding special assessments	$1,591,426	$0	$1,591,426
6. Adds **one-time funding** for campus security projects	$840,000	$0	$840,000
7. Adds **one-time funding** for the following capital projects:			
• Aquatic center project (includes $10 million of revenue bonding authority)	$0	$11,000,000	$11,000,000
• Increased funding for the Minard Hall project to provide total project authorization of $23,474,300. (The requested increase in funding is for litigation associated with the project.)	$0	$600,000	$600,000
Total	$0	$11,600,000	$11,600,000

Other Sections in Bill

Carryover authority - Section 7 continues the authorization through July 31, 2017, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.

Minard Hall project - Section 10 authorizes North Dakota State University (NDSU) to continue 2007-09 and 2009-11 biennium appropriations for the Minard Hall project into the 2015-17 biennium. The section also requires NDSU to provide reports on the status of the project to Budget Section.

Transfer authority - Section 15 provides 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 17 authorizes the State Board of Higher Education to adjust FTE positions as needed for institutions and entities under its control.

Bond issue authorization - Section 18 authorizes the State Board of Higher Education to arrange for $10 million of revenue bonds for an aquatic center project at NDSU.

Continuing Appropriations

Special revenue funds - Section 14 appropriates federal, private, and local funds received by institutions, including tuition revenue, during the 2015-17 biennium.

Significant Audit Findings

The State Auditor's office found NDSU has not established proper controls for student residency determinations and subsequent changes to student residency status.

Major Related Legislation

House Bill No. 1233 - Tuition Increase Prohibited - Prohibits tuition rate increases at all University System institutions during the 2015-17 biennium and provides a $29.7 million general fund appropriation to the State Board of Higher Education to offset the financial impact of not allowing tuition rate increases.

15.8111.02000

Sixty-fourth
Legislative Assembly
of North Dakota

FIRST ENGROSSMENT

ENGROSSED HOUSE BILL NO. 1003

Introduced by

Appropriations Committee

(At the request of the Governor)

A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota university system; to create and enact six new sections to chapter 15-10, chapters 15-62.4 and 15-62.5, and a new section to chapter 54-10 of the North Dakota Century Code, relating to a unified workforce, vocational, and technical education program system, the workforce education advisory council, the required use of electronic mail, file server administration, database administration, application server, and hosting services, capital project budget requests, audits of higher education computer systems, annual reports regarding scholarships, the student financial assistance program, the scholars program, and higher education audits; to amend and reenact section 15-10-12.1, subsection 3 of section 15-10-17, sections 15-18.2-02, 15-18.2-03, 15-18.2-04, 15-18.2-05, 15.1-21-02.6, 54-12-08, and 54-44.1-04, subsection 4 of section 54-44.1-06, and section 54-44.1-11 of the North Dakota Century Code, relating to campus building projects and maintenance, legislative authority to set tuition and fees at institutions of higher education, state aid to institutions, career and technical education scholarships, attorneys hired by the state board of higher education, budget requests submitted to the office of the budget, preparation of budget data, and the cancellation of unexpended appropriations; to repeal chapter 15-62.2 of the North Dakota Century Code, relating to the student financial assistance program and the scholars program; to provide for the transfer of funds; to reauthorize projects for North Dakota state university and Minot state university; to provide for budget section reports; to provide for reports to the sixty-fifth legislative assembly; to provide for legislative management reports and studies;to provide an appropriation to the state auditor; to provide an appropriation to the attorney general; to provide a contingent appropriation to the state board of higher education; to provide exemptions; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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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 state board of higher education and to the entities and institutions under the supervision of the board, for the purpose of defraying the expenses of the state board of higher education and the entities and institutions under the control of the board, for the biennium beginning July 1, 2015, and ending June 30, 2017, as follows:

Subdivision 1.

NORTH DAKOTA UNIVERSITY SYSTEM OFFICE

	Base Level	Adjustments or Enhancements	Appropriation
Capital assets - bond payments	$10,436,045	($2,067,209)	$8,368,836
Competitive research program	7,050,000	0	7,050,000
System governance	12,666,502	(5,114,727)	7,551,775
Title II	1,006,472	0	1,006,472
Core technology services	38,662,551	7,390,980	46,053,531
Student financial assistance grants	21,245,679	4,388,597	25,634,276
Professional student exchange program	4,275,015	0	4,275,015
Academic and technical education scholarships	10,000,000	4,997,653	14,997,653
Two-year campus marketing	800,000	0	800,000
Scholars program	2,113,584	0	2,113,584
Native American scholarships	649,267	0	649,267
Tribally controlled community college grants	1,000,000	(500,000)	500,000
Education incentive programs	3,349,000	0	3,349,000
Student mental health	282,520	33,480	316,000
Veterans assistance grants	325,000	0	325,000
Deferred maintenance pool	0	5,000,000	5,000,000
Campus security pool	0	3,000,000	3,000,000
Open education resources training	0	110,000	110,000
Extraordinary repairs pool	0	11,162,008	11,162,008

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1	Total all funds	$113,861,635	$28,400,782	$142,262,417
2	Less estimated income	2,299,912	(288,696)	2,011,216
3	Total general fund	$111,561,723	$28,689,478	$140,251,201
4	Full-time equivalent positions	112.91	(16.52)	96.39

Subdivision 2.

BISMARCK STATE COLLEGE

		Base Level	Adjustments or Enhancements	Appropriation
9	Operations	$32,653,654	$3,975,752	$36,629,406
10	Capital assets	417,673	939,927	1,357,600
11	Total all funds	$33,071,327	$4,915,679	$37,987,006
12	Less estimated income	0	0	0
13	Total general fund	$33,071,327	$4,915,679	$37,987,006
14	Full-time equivalent positions	126.96	6.57	133.53

Subdivision 3.

LAKE REGION STATE COLLEGE

		Base Level	Adjustments or Enhancements	Appropriation
19	Operations	$12,429,097	$2,844,995	$15,274,092
20	Capital assets	155,367	(155,367)	0
21	Total all funds	$12,584,464	$2,689,628	$15,274,092
22	Less estimated income	0	0	0
23	Total general fund	$12,584,464	$2,689,628	$15,274,092
24	Full-time equivalent positions	40.22	9.97	50.19

Subdivision 4.

WILLISTON STATE COLLEGE

		Base Level	Adjustments or Enhancements	Appropriation
29	Operations	$12,783,506	($535,584)	$12,247,922
30	Capital assets	197,801	87,199	285,000
31	Total all funds	$12,981,307	($448,385)	$12,532,922

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Less estimated income	0	0	0
Total general fund	$12,981,307	($448,385)	$12,532,922
Full-time equivalent positions	44.15	5.81	49.96

Subdivision 5.

UNIVERSITY OF NORTH DAKOTA

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$149,683,005	$12,074,256	$161,757,261
Capital assets	4,411,566	57,830,019	62,241,585
Total all funds	$154,094,571	$69,904,275	$223,998,846
Less estimated income	0	0	0
Total general fund	$154,094,571	$69,904,275	$223,998,846
Full-time equivalent positions	633.60	(3.40)	630.20

Subdivision 6.

NORTH DAKOTA STATE UNIVERSITY

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$140,341,540	$10,545,417	$150,886,957
Capital assets	2,732,244	(1,140,818)	1,591,426
Total all funds	$143,073,784	$9,404,599	$152,478,383
Less estimated income	0	0	0
Total general fund	$143,073,784	$9,404,599	$152,478,383
Full-time equivalent positions	491.21	45.89	537.10

Subdivision 7.

NORTH DAKOTA STATE COLLEGE OF SCIENCE

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$38,181,456	$3,511,925	$41,693,381
Capital assets	1,012,379	(737,281)	275,098
Total all funds	$39,193,835	$2,774,644	$41,968,479
Less estimated income	0	0	0

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Total general fund	$39,193,835	$2,774,644	$41,968,479
Full-time equivalent positions	171.87	(3.57)	168.30

Subdivision 8.

DICKINSON STATE UNIVERSITY

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$26,299,227	($1,096,445)	$25,202,782
Capital assets	409,078	(409,078)	0
Total all funds	$26,708,305	($1,505,523)	$25,202,782
Less estimated income	0	0	0
Total general fund	$26,708,305	($1,505,523)	$25,202,782
Full-time equivalent positions	100.32	19.94	120.26

Subdivision 9.

MAYVILLE STATE UNIVERSITY

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$14,364,424	$623,654	$14,988,078
Capital assets	358,992	(130,707)	228,285
Total all funds	$14,723,416	$492,947	$15,216,363
Less estimated income	0	0	0
Total general fund	$14,723,416	$492,947	$15,216,363
Full-time equivalent positions	62.78	3.45	66.23

Subdivision 10.

MINOT STATE UNIVERSITY

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$43,810,211	$2,980,534	$46,790,745
Capital assets	899,620	(899,620)	0
Total all funds	$44,709,831	$2,080,914	$46,790,745
Less estimated income	0	0	0

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Total general fund	$44,709,831	$2,080,914	$46,790,745
Full-time equivalent positions	201.76	2.34	204.10

Subdivision 11.

VALLEY CITY STATE UNIVERSITY

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$20,691,135	$1,215,404	$21,906,539
Capital assets	408,319	(165,081)	243,238
Total all funds	$21,099,454	$1,050,323	$22,149,777
Less estimated income	0	0	0
Total general fund	$21,099,454	$1,050,323	$22,149,777
Full-time equivalent positions	97.29	8.30	105.59

Subdivision 12.

DAKOTA COLLEGE AT BOTTINEAU

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$7,892,043	($18,821)	$7,873,222
Capital assets	114,007	(85,550)	28,457
Total all funds	$8,006,050	($104,371)	$7,901,679
Less estimated income	0	0	0
Total general fund	$8,006,050	($104,371)	$7,901,679
Full-time equivalent positions	36.12	10.84	46.96

Subdivision 13.

UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$52,762,590	$19,511,649	$72,274,239
Total all funds	$52,762,590	$19,511,649	$72,274,239
Less estimated income	0	0	0
Total general fund	$52,762,590	$19,511,649	$72,274,239
Full-time equivalent positions	156.55	28.03	184.58

Subdivision 14.

NORTH DAKOTA FOREST SERVICE

	Base Level	Adjustments or Enhancements	Appropriation
Operations	$6,249,979	$326,982	$6,576,961
Capital assets	101,210	(44,962)	56,248
Total all funds	$6,351,189	$282,020	$6,633,209
Less estimated income	1,650,000	0	1,650,000
Total general fund	$4,701,189	$282,020	$4,983,209
Full-time equivalent positions	29.00	(0.04)	28.96

Subdivision 15.

BILL TOTAL

	Base Level	Adjustments or Enhancements	Appropriation
Grand total general fund	$679,271,846	$142,614,291	$821,886,137
Grand total special funds	3,949,912	(288,696)	3,661,216
Grand total all funds	$683,221,758	$142,325,595	$825,547,353

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-FIFTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-third legislative assembly for the 2013-15 biennium and the 2015-17 one-time funding items included in the appropriation in section 1 of this Act:

One-Time Funding Description	2013-15	2015-17
Capital projects - general fund	$155,691,350	$62,000,000
Capital projects - other funds	168,531,029	0
Capital projects contingency pool	5,483,413	0
Special assessment payoff	0	4,250,689
Campus security pool	0	3,000,000
CTS technology projects	0	2,821,500
Open education resource training	0	110,000
Theodore Roosevelt center	6,000,000	0
Williston state college workforce training facility	2,500,000	0

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Campus deferred maintenance projects	440,000	0
Performance funding pool	5,000,000	0
Dickinson state university operating funds	800,000	0
Minot state university flood recovery funds	2,500,000	0
Dakota college at Bottineau - campus software updates	28,500	0
Deferred maintenance pool	10,000,000	5,000,000
Education challenge fund	29,000,000	0
School of medicine and health sciences residency positions	0	4,700,000
Health care workforce initiative	7,414,806	13,814,806
Master plan and space utilization study	1,000,000	0
Total all funds	$394,389,098	$95,696,995
Total other funds	171,031,029	0
Total general fund	$223,358,069	$95,696,995

The 2015-17 one-time funding amounts are not a part of the entity's base budget for the 2017-19 biennium. The North Dakota university system shall report to the appropriations committees of the sixty-fifth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2015, and ending June 30, 2017.

SECTION 3. CONTINGENT APPROPRIATION - LEGISLATIVE MANAGEMENT REPORT. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $50,000, or so much of the sum as may be necessary, to the state board of higher education for the unified workforce, vocational, and technical education program system, for the biennium beginning July 1, 2015, and ending June 30, 2017. The funding provided in this section is available only if the state board of higher education certifies to the office of management and budget that a unified workforce, vocational, and technical program system has been established. The board shall provide reports to the legislative management on the status of the development of the unified system.

SECTION 4. APPROPRIATION - STATE AUDITOR. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $1,221,914, or so much of the sum as may be necessary, to the state auditor for the purpose of conducting audits of institutions and entities under the control of the state board of higher

education, for the biennium beginning July 1, 2015, and ending June 30, 2017. The state auditor is authorized six full-time equivalent positions for higher education audit purposes.

SECTION 5. APPROPRIATION - ATTORNEY GENERAL. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $1,604,500, or so much of the sum as may be necessary, to the attorney general for the purpose of providing legal services for the state board of higher education and institutions and entities under the control of the board, for the biennium beginning July 1, 2015, and ending June 30, 2017. The attorney general is authorized six full-time equivalent positions for the purpose of providing legal services to the state board of higher education and institutions and entities under the control of the board.

SECTION 6. AMENDMENT. Section 15-10-12.1 of the North Dakota Century Code is amended and reenacted as follows:

15-10-12.1. Acceptance of buildings and campus improvements - Legislative approval.

The state board of higher education may authorize campus improvements and building maintenance on land under the control of the board ~~which are financed by donations, gifts, grants, and bequests~~ if the cost of the improvement or building maintenance is not more than three hundred eighty-five thousand dollars. The consent of the legislative assembly is required for the construction, purchase, or receipt of any building ~~financed by donations, gifts, grants, and bequests~~ and for campus improvements or building maintenance ~~financed by donations, gifts, grants, and bequests~~ if the cost or estimated cost of the building, improvements, or maintenance is more than three hundred eighty-five thousand dollars. During the time the legislative assembly is not in session, except for the six months preceding the convening of a regular session and the three months following the close of a regular session, and unless otherwise restricted by previous legislative action or other law, the state board of higher education, with the approval of the budget section of the legislative management, may authorize the ~~use of land under the control of the board and construct buildings financed by donations, gifts, grants, and bequests~~construction, purchase, or receipt of any building and may authorize campus improvements and building maintenance ~~financed by donations, gifts, grants, and bequests and~~ if the cost or estimated cost of the building, improvement, or maintenance is more than three hundred eighty-five thousand dollars. The budget section approval must include a

specific dollar limit for each building, campus improvement project, or maintenance project. The state board of higher education may authorize the sale of any real property or buildings which an institution of higher learning has received by gift or bequest. The board shall prescribe such conditions for the sale of the property as it determines necessary. The conditions must include requiring an appraisal and public auction or advertisement for bids, unless the gift instrument requires a different process. If the state board of higher education submits a request for campus improvements, building maintenance, or to construct buildings under this section to the budget section for approval, the legislative council shall notify each member of the legislative assembly of the date of the budget section meeting at which the request will be considered and provide a copy of the meeting agenda to each member of the legislative assembly. The chairman of the budget section shall allow any member of the legislative assembly an opportunity to present testimony to the budget section regarding any such request.

SECTION 7. AMENDMENT. Subsection 3 of section 15-10-17 of the North Dakota Century Code is amended and reenacted as follows:

3. a. ~~Set~~Charge tuition ~~and fees~~in the amounts established by the legislative assembly.

   b. Charge fees subject to any statutory limitations or requirements.

SECTION 8. A new section to chapter 15-10 of the North Dakota Century Code is created and enacted as follows:

Capital project requests - Maintenance reserve account.

Every new building project funding request and building maintenance funding request submitted for approval to the legislative assembly or to the budget section of the legislative management under section 15-10-12.1 must conform to campus master plan and space utilization studies completed by or for the state board of higher education. Each new building project request exceeding five million dollars must include a funding request for future maintenance costs equal to three percent of the project cost. The future maintenance funds must be deposited in an account under the control of the state board of higher education to be used only for future maintenance costs of buildings subject to this section.

SECTION 9. A new section to chapter 15-10 of the North Dakota Century Code is created and enacted as follows:

Required use of electronic mail, file server administration, database administration, application server, and hosting services.

Each institution and entity under the control of the state board of higher education shall obtain electronic mail, file server administration, database administration, storage, application server, and hosting services through a delivery system established by the board. The board shall establish policies and guidelines for the delivery of services, including the transition from existing systems to functional consolidation, with consideration given to the creation of efficiencies, cost-savings, and improved quality of service.

SECTION 10. A new section to chapter 15-10 of the North Dakota Century Code is created and enacted as follows:

Audits of computer systems - Penalty.

1. Any auditor hired to conduct audits of the state board of higher education and the entities under the control and supervision of the board may:
   a. Conduct a review and assessment of any computer system or related security system of the state board of higher education or any entity under the control and supervision of the board. A review and assessment under this section may include an assessment of system vulnerability, network penetration, any potential security breach, and the susceptibility of the system to cyber attack or cyber fraud.
   b. Disclose the findings of a review and assessment to an individual or committee designated by the state board of higher education or to the board. Any record relating to a review and assessment, including a working paper or preliminary draft of a review and assessment report and a report of the findings of a review and assessment, and any record that may cause or perpetuate vulnerability of a computer system or related security system which is obtained or created during a review and assessment is an exempt record.
   c. In conjunction with the state board of higher education or a committee designated by the board, procure the services of a specialist in information security systems or any other contractor deemed necessary in conducting a review and assessment under this section.

2. Any person hired or contracted to provide services in relation to a review and assessment under this section is subject to the privacy and confidentiality provisions of subsection 1 and any other section of law, including section 44-04-27, and for the purposes of section 12.1-13-01, is a public servant.

SECTION 11. A new section to chapter 15-10 of the North Dakota Century Code is created and enacted as follows:

Unified workforce, vocational, and technical education program system.

The state board of higher education shall establish and maintain a unified system to offer workforce training, vocational education, and technical education programs at institutions under its control. The board shall periodically review programs offered by institutions under its control and revise program offerings based on the workforce needs of the state identified by the workforce education advisory council. The board shall develop administrative arrangements that make possible the efficient use of facilities and staff. The board shall limit administrative costs by eliminating duplicative administrative positions.

SECTION 12. A new section to chapter 15-10 of the North Dakota Century Code is created and enacted as follows:

Workforce education advisory council - Membership - Duties.

The state board of higher education shall establish a workforce education advisory council to advise the board regarding skills and qualifications needed for workforce training, vocational, and technical education programs offered at institutions under the control of the board. The council is composed of a representative of the department of career and technical education, a representative of job service North Dakota, a representative of the department of commerce, and eight members representing business and industry in the state. The eight members representing business and industry shall be appointed by the chairman of the legislative management. The North Dakota university system office shall provide staff services for the advisory council and members of the council who are not employees of the state are entitled to expense reimbursement from the board, as provided by law for state officers, for attending meetings of the council.

SECTION 13. A new section to chapter 15-10 of the North Dakota Century Code is created and enacted as follows:

Annual report - Scholarships.

The state board of higher education shall provide to the legislative management an annual report regarding the number of North Dakota academic scholarships and career and technical education scholarships provided and demographic information pertaining to the recipients.

SECTION 14. 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 ~~aviation~~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; and

(5) 38.0 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 ~~remedial~~basic skills credits is ~~2.3~~1.0.

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 15. AMENDMENT. Section 15-18.2-03 of the North Dakota Century Code is amended and reenacted as follows:

15-18.2-03. Credit completion factor - Determination.

1. ~~For~~Except as provided in subsections 2 and 3 of this section, for each institution under its control, the state board of higher education shall multiply the product determined under section 15-18.2-02 by a factor of:

~~a. 1.00 if the number of credit-hours is at least 100,000;~~

~~b. 1.05 if the number of credit-hours is at least 95,000 but less than 100,000;~~

~~c. 1.10 if the number of credit-hours is at least 90,000 but less than 95,000;~~

~~d. 1.15 if the number of credit-hours is at least 85,000 but less than 90,000;~~

~~e. 1.20 if the number of credit-hours is at least 80,000 but less than 85,000;~~

~~f. 1.25 if the number of credit-hours is at least 75,000 but less than 80,000;~~

~~g. 1.30 if the number of credit-hours is at least 70,000 but less than 75,000;~~

~~h. 1.35 if the number of credit-hours is at least 65,000 but less than 70,000;~~

~~i. 1.40 if the number of credit-hours is at least 60,000 but less than 65,000;~~

~~j. 1.45 if the number of credit-hours is at least 55,000 but less than 60,000;~~

~~k. 1.50 if the number of credit-hours is at least 50,000 but less than 55,000;~~

~~l. 1.55 if the number of credit-hours is at least 45,000 but less than 50,000;~~

~~m. 1.60 if the number of credit-hours is at least 40,000 but less than 45,000;~~

~~n. 1.65 if the number of credit-hours is at least 35,000 but less than 40,000;~~

~~o. 1.70 if the number of credit-hours is at least 30,000 but less than 35,000;~~

~~p. 1.75 if the number of credit-hours is at least 25,000 but less than 30,000;~~

~~q. 1.80 if the number of credit-hours is at least 20,000 but less than 25,000;~~

~~r. 1.85 if the number of credit-hours is at least 15,000 but less than 20,000;~~

~~s. 1.90 if the number of credit-hours is at least 10,000 but less than 15,000;~~

~~t. 1.95 if the number of credit-hours is at least 5,000 but less than 10,000; and~~

~~u. 2.00 if the number of credit-hours is less than 5,000.~~

a. 1.00 if the number of credit-hours is at least 1,000,000;

b. 1.10 if the number of credit-hours is at least 400,000 but less than 1,000,000;

c. 1.15 if the number of credit-hours is at least 200,000 but less than 400,000;

d. 1.35 if the number of credit-hours is at least 100,000 but less than 200,000;

e. 1.50 if the number of credit-hours is at least 50,000 but less than 100,000; and

f. 1.75 if the number of credit-hours is less than 50,000.

2. If the square footage of an institution, when divided by the institution's weighted credit-hours results in a quotient greater than 5.00, the state board of higher education shall multiply the product determined under section 15-18.2-02 by a factor of 1.00. For purposes of this subsection, the square footage of an institution includes real property as determined by the state board of higher education in accordance with section 15-18.2-04.

3. If the number of credit-hours completed by an institution causes a decrease in the credit completion factor for that institution, the new credit completion factor shall not be in effect for calculation purposes for the first two fiscal years following the change.

4. For purposes of this section, the number of credit-hours must be those determined by the state board of higher education in accordance with section 15-18.2-01.

SECTION 16. AMENDMENT. Section 15-18.2-04 of the North Dakota Century Code is amended and reenacted as follows:

15-18.2-04. Institutional size factor - Determination.

1. For each institution under its control, the state board of higher education shall multiply the product determined under section 15-18.2-03 by a size factor of:
   a. 1.0 if the square footage of the institution, when divided by the institution's weighted credit-hours results in a quotient of less than 5.00; or
   b. ~~1.8~~1.7 if the square footage of the institution, when divided by the institution's weighted credit-hours results in a quotient of 5.00 or more.

2. For purposes of this section, an institution's square footage:
   a. Includes all real property owned by the state within an institution's perimeter, except for agricultural experiment stations, agricultural research extension centers, technology parks, and state agencies; and
   b. Is determined as of June thirtieth in each odd-numbered year.

SECTION 17. 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 15-18.2-04 by a base amount of:

1. ~~$66.35~~$71.00 in the case of North Dakota state university and the university of North Dakota;
2. ~~$95.57~~$105.10 in the case of Dickinson state university, Mayville state university, Minot state university, and Valley City state university; and
3. ~~$98.75 in the case of Minot state university;~~
4. ~~$101.73~~$112.46 in the case of Bismarck state college, Dakota college at Bottineau, Lake Region state college, ~~and~~ North Dakota state college of science~~;~~, and
5. ~~$104.88 in the case of~~ Williston state college.

SECTION 18. Chapter 15-62.4 of the North Dakota Century Code is created and enacted as follows:

15-62.4-01. Student financial assistance program.

The state board of higher education shall administer the North Dakota student financial assistance program for the purpose of providing a grant to an individual who demonstrates significant financial need and who:

1. a. Graduated from a high school in this state;
   b. Graduated from a high school in a bordering state, pursuant to chapter 15.1-29;
   c. Graduated from a nonpublic high school in a bordering state while residing with a custodial parent in this state; or
   d. Completed a program of home education supervised in accordance with chapter 15.1-23;

2. a. Is enrolled at an accredited institution of higher education in this state, provided the institution offers a program of instruction equal to at least two academic years; or

b. Because of a medically certifiable disability is enrolled at an accredited institution of higher education outside of this state which offers the individual special services or facilities not available in this state, provided the institution offers a program of instruction equal to at least two academic years; and

3. Is pursuing a course of study determined by the state board of higher education to be at least quarter-time.

15-62.4-02. Student financial assistance program - Criteria and procedures.

The state board of higher education shall adopt:

1. Criteria governing the application process;
2. Criteria governing the determination of financial need, which must include consideration of parental contributions to educational expenses;
3. Criteria governing the selection process; and
4. Procedures for providing fiscal control, fund accounting, and reports.

15-62.4-03. Student financial assistance program - Grants.

1. The state board of higher education shall provide to each eligible student a financial assistance grant in an amount not exceeding:
   a. Nine hundred seventy-five dollars per semester; or
   b. Six hundred fifty dollars per quarter.
2. a. A student is not entitled to receive grants under this chapter for more than the equivalent of:
      (1) Eight semesters of full-time enrollment; or
      (2) Twelve quarters of full-time enrollment.
   b. Notwithstanding subdivision a, a student is not entitled to receive a grant under this chapter after the student obtains a baccalaureate degree.
3. The board shall forward grants payable under this chapter directly to the institution in which the student is enrolled.

15-62.4-04. Student financial assistance program - Advisory board.

1. The student financial assistance advisory board is created for the purposes of:

a. Providing advice to the state board of higher education regarding the student financial assistance program; and

b. Functioning as a liaison between the state board of higher education and the institutions of higher education participating in the student financial assistance program.

2. a. The student financial assistance advisory board consists of:

(1) Three financial aid officers;

(2) A chief financial officer;

(3) A high school counselor; and

(4) A student enrolled at an institution of higher education in this state.

b. All members must be appointed by the state board of higher education.

c. All members other than the student must be employed by an educational institution in this state.

d. No more than one member may be employed by the same educational institution as another member.

3. The state board of higher education shall determine the terms of the student financial assistance advisory board members and establish any necessary rules of operation and procedure.

4. Each member of the student financial assistance advisory board is entitled to reimbursement for expenses, as provided by law for state officers, if the member is attending meetings or performing duties directed by the advisory board.

15-62.4-05. Student financial assistance program - Gifts and grants - Acceptance.

The state board of higher education may receive, administer, and expend moneys from public and private sources for the purposes of this chapter.

SECTION 19. Chapter 15-62.5 of the North Dakota Century Code is created and enacted as follows:

15-62.5-01. Scholars program.

The state board of higher education shall administer the scholars program for the purpose of providing a merit-based scholarship to an individual who:

1. a. Graduated from a high school in this state;

b. Graduated from a high school in a bordering state, pursuant to chapter 15.1-29;

c. Graduated from a nonpublic high school in a bordering state while residing with a custodial parent in this state; or

d. Completed a program of home education supervised in accordance with chapter 15.1-23;

2. On the ACT, achieved composite scores that ranked the individual at or above the ninety-fifth percentile among those who took the ACT prior to July first in the calendar year preceding the individual's enrollment;

3. a. Is enrolled at an accredited institution of higher education in this state that offers a program of instruction equal to at least two academic years;

b. Because of a medically certifiable disability is enrolled at an accredited institution of higher education outside of this state that offers the individual special services or facilities not available in this state, provided the institution offers a program of instruction equal to at least two academic years; and

4. Is pursuing a course of study determined by the board to be full-time.

15-62.5-02. Scholars program - Criteria and procedures.

The state board of higher education shall adopt:

1. Criteria governing the application process;

2. Criteria governing the selection process, within the requirements of section 15-62.5-03; and

3. Procedures for providing fiscal control, fund accounting, and reports.

15-62.5-03. Scholars program - Ranking and selection of recipients.

1. The state board of higher education shall rank scholars program applicants by their ACT composite scores.

2. If two or more applicants have the same composite scores, they must be ranked by the numeric sum of their four scale scores on the ACT.

3. If two or more applicants have the same composite scores and the same numeric sum of the four scale scores, they must be ranked by the numeric sum of their English and mathematics scores.

4. The state board of higher education may establish additional criteria to rank applicants who have the same numeric sum of their English and mathematics scores.

5. Scholarships must be offered to applicants in descending order according to this ranking until available funds have been expended or until the pool of applicants has been exhausted.

15-62.5-04. Scholars program - Scholarship amounts - Stipends.

1. a. Each semester, the state board of higher education shall provide to an eligible student a scholarship in an amount not exceeding the tuition charged at the institution in which the student is enrolled, provided the amount may not exceed the highest undergraduate semester tuition charged at an institution of higher education under the control of the state board of higher education.

   b. Each quarter the state board of higher education shall provide to an eligible student a scholarship in an amount not exceeding the tuition charged per quarter at the institution in which the student is enrolled, provided the amount may not exceed two-thirds of the highest undergraduate semester tuition charged at an institution of higher education under the control of the state board of higher education.

   c. For purposes of this subsection, the rates are calculated using a traditional fall and spring academic year.

2. The scholarships provided for under this section are conditioned on the student maintaining a 3.5 cumulative grade point average, based on a 4.0 grading system.

3. Any student eligible for a scholarship under this section is also eligible for a stipend in an amount not exceeding two thousand dollars annually. The state board of higher education may distribute the stipend on a semester or a quarter basis.

4. a. A student is not entitled to receive scholarships under this chapter for more than the equivalent of:

      (1) Eight semesters of full-time enrollment; or

      (2) Twelve quarters of full-time enrollment.

   b. Notwithstanding subdivision a, a student is not entitled to receive a scholarship under this chapter after the student obtains a baccalaureate degree.

5. The state board of higher education shall forward scholarships and stipends payable under this chapter directly to the institution in which the student is enrolled.

15-62.5-05. Use of scholarships and stipends - Refund policy.

Scholarships and stipends awarded under this chapter may be applied to defray tuition charges, fees, room and board charges, and the cost of books and supplies, and for any other expenses incidental to attending an institution of higher education. If an individual discontinues attendance before the completion of any semester or quarter for which a scholarship or stipend has been received, the individual is subject to the refund or repayment policy of the institution at which the individual was enrolled.

SECTION 20. AMENDMENT. Section 15.1-21-02.6 of the North Dakota Century Code is amended and reenacted as follows:

15.1-21-02.6. North Dakota scholarship - Amount - Applicability.

1. a. (1) The state board of higher education shall provide to any student who graduates from high school before the 2014-15 school year and who is certified as being eligible by the superintendent of public instruction either a North Dakota academic scholarship or a North Dakota career and technical education scholarship in the amount of seven hundred fifty dollars for each semester during which the student is enrolled full time at an accredited institution of higher education in this state and maintains a cumulative grade point average of at least 2.75 on a 4.0 scale.

~~b.~~ (2) The state board of higher education shall provide to any student who graduates from high school before the 2014-15 school year and who is certified as being eligible by the superintendent of public instruction either a North Dakota academic scholarship or a North Dakota career and technical education scholarship in the amount of five hundred dollars for each quarter during which the student is enrolled full time at an accredited institution of higher education in this state and maintains a cumulative grade point average of at least 2.75 on a 4.0 scale.

b. (1) The state board of higher education shall provide to any student who graduates from high school during or after the 2014-15 school year and who is certified as being eligible by the superintendent of public instruction either a North Dakota academic scholarship or a North Dakota career and technical education scholarship, in the amount of nine hundred seventy-five

dollars each semester during which the student is enrolled full time at an accredited institution of higher education in this state and maintains a cumulative grade point average of at least 2.75 on a 4.0 grading scale.

(2) The state board of higher education shall provide to any student who graduates from high school during or after the 2014-15 school year and who is certified as being eligible by the superintendent of public instruction either a North Dakota academic scholarship or a North Dakota career and technical education scholarship, in the amount of six hundred fifty dollars for each quarter during which the student is enrolled full time at an accredited institution of higher education in this state and maintains a cumulative grade point average of at least 2.75 on a 4.0 grading scale.

2. The state board shall monitor each scholarship recipient to ensure that the student meets the academic and other requirements of this section. Upon determining that a recipient student has failed to meet the requirements of this section, the board shall provide notification to the student within ten days.

3. a. Except as provided in this subsection, a student is not entitled to receive more than six thousand dollars under this section.

b. A student who graduates from high school during or after the 2014-15 school year is entitled to receive up to seven thousand eight hundred dollars under this section.

4. The state board of higher education shall forward the scholarship directly to the institution in which the student is enrolled.

5. a. (1) This section does not require a student to be enrolled in consecutive semesters.

(2) This section does not require a student to be enrolled in consecutive quarters.

b. However, a scholarship under this section is valid only for six academic years after the student's graduation from high school and may not be applied to graduate programs.

6. A scholarship under this section is available to any eligible resident student who fulfills the requirements of section 15.1-21-02.4 or 15.1-21-02.5 and who:

a. Graduates from a high school in this state;

b. Graduates from a high school in a bordering state under chapter 15.1-29;

c. Graduates from a nonpublic high school in a bordering state while residing with a custodial parent in this state; or

d. Completes a program of home education supervised in accordance with chapter 15.1-23.

7. a. For purposes of North Dakota scholarship eligibility under this section, "full-time" means enrollment in at least twelve credits during a student's first two semesters and enrollment in at least fifteen credits during each semester thereafter or enrollment in the equivalent number of credits, as determined by the state board of higher education, with respect to students in a quarter system.

b. (1) If a student requires fewer than fifteen credits to graduate, the student may retain scholarship eligibility by enrolling in fewer than fifteen but at least twelve credits during the semester, or the equivalent number of credits, as determined by the state board of higher education, with respect to students in a quarter system.

(2) Students who graduated from high school during the 2009-10 or the 2010-11 school year and who have completed six semesters may retain scholarship eligibility by enrolling in only twelve credits during each of the student's final two semesters, or the equivalent number of credits, as determined by the state board of higher education, with respect to students in a quarter system.

(3) The requirement that a student be enrolled in at least fifteen credits, as set forth in subdivision a, does not apply in the case of a student participating in a clinical, practicum, internship, cooperative program, or similar external experience, provided the external experience is equivalent to at least twelve units, or such similar amount as determined by the state board of higher education, with respect to students in a quarter system, and considered to be a "full time" placement for purposes of meeting graduation requirements.

SECTION 21. A new section to chapter 54-10 of the North Dakota Century Code is created and enacted as follows:

State board of higher education audits.

1. The state auditor shall employ an audit manager to perform all audit related functions of the state board of higher education, including the examination and evaluation of the adequacy and effectiveness of the board's governance, risk management, internal controls, and performance of constitutionally and statutorily required duties. The audit manager shall conduct audits, as determined appropriate by the state auditor, of each institution under the supervision and control of the state board of higher education. The audit manager shall consult with the state board of higher education, or a committee designated by the board, regarding audit plans, results of audit activities, and any other appropriate issue. This section does not require the state auditor to perform any duties that would compromise the auditor's independence under government auditing standards.
2. The audit manager may access and examine any record under the control of the state board of higher education. For purposes of reviewing records under the Family Educational Rights and Privacy Act [20 U.S.C. 1232g; 34 CFR 99] or any other federal privacy law, the audit manager must be considered an agent of the state board of higher education.
3. The state auditor may hire employees necessary to carry out the duties and responsibilities of this section. The state auditor may hire consultants to assist with any duties required under this section subject to approval by the legislative audit and fiscal review committee. The state board of higher education shall pay for the cost of any consultant approved under this section.

SECTION 22. AMENDMENT. Section 54-12-08 of the North Dakota Century Code is amended and reenacted as follows:

54-12-08. Assistant and special assistant attorneys general - Appointment - Revocation - Compensation.

After consultation with the head of the state department or institution or with the state board, commission, committee, or agency affected, the attorney general may appoint assistant or special assistant attorneys general to represent the state board, commission, committee, or agency. A state officer, head of any state department, whether elected or appointed, or state department, board, commission, committee, or agency may not employ legal counsel, and no

person may act as legal counsel in any matter, action, or proceeding in which the state or any state department, board, commission, committee, or agency is interested or is a party, except upon written appointment by the attorney general. Workforce safety and insurance, the department of transportation, the state tax commissioner, the public service commission, the insurance commissioner~~, the board of higher education~~, and the securities commissioner may employ attorneys to represent them. These entities shall pay the salaries and expenses of the attorneys they employ within the limits of legislative appropriations. The attorneys that represent these entities must be special assistant attorneys general appointed by the attorney general pursuant to this section. Absent good cause, the attorney general shall appoint as special assistant attorneys general licensed attorneys selected by these entities. The attorney general may revoke the appointment only for good cause or upon the request of the entity. Good cause means an inadequate level of experience, competence, or ethical standards. The powers conferred upon special assistant attorneys general are the same as are exercised by the regular assistant attorneys general, unless the powers are limited specifically by the terms of the appointment. Except as otherwise provided by this section, an appointment is revocable at the pleasure of the attorney general. The appointment may be made with or without compensation, and when compensation is allowed by the attorney general for services performed, the compensation must be paid out of the funds appropriated therefor. The attorney general may require payment for legal services rendered by any assistant or special assistant attorney general to any state official, board, department, agency, or commission and those entities shall make the required payment to the attorney general. Moneys received by the attorney general in payment for legal services rendered must be deposited into the attorney general's operating fund. General fund moneys may not be utilized for the payment of legal services provided by the attorneys employed by the attorney general, except for those payments required of the department of human services, state department of health, and the state hospital.

SECTION 23. AMENDMENT. Section 54-44.1-04 of the North Dakota Century Code is amended and reenacted as follows:

54-44.1-04. Budget estimates of budget units filed with the office of the budget - Deadline.

The head of each budget unit, not later than July fifteenth of each year next preceding the session of the legislative assembly, shall submit to the office of the budget, estimates of financial requirements of the person's budget unit for the next two fiscal years, on the forms and in the manner prescribed by the office of the budget, with such explanatory data as is required by the office of the budget and such additional data as the head of the budget unit wishes to submit. The estimates of financial requirements for budget units under the control of the state board of higher education must be made using the same forms, supporting information, and documentation as other budget units. Any request for a new full-time or part-time permanent position included in a budget unit's estimate of its financial requirements for the next two fiscal years must include documentation justifying the need for the position. The documentation must describe the circumstances resulting in the need for the position and identify the number of hours the position will be involved in specific types of activities and the anticipated outcomes of the activities. The estimates so submitted must bear the approval of the board or commission of each budget unit for which a board or commission is constituted. The director of the budget may extend the filing date for any budget unit if the director finds there is some circumstance that makes it advantageous to authorize the extension. If a budget unit has not submitted its estimate of financial requirements by the required date or within a period of extension set by the director of the budget, the director of the budget shall prepare the budget unit's estimate of financial requirements except the estimate may not exceed ninety percent of the budget unit's previous biennial appropriation. The director of the budget or a subordinate officer as the director shall designate shall examine the estimates and shall afford to the heads of budget units reasonable opportunity for explanation in regard thereto and, when requested, shall grant to the heads of budget units a hearing thereon which must be open to the public.

SECTION 24. AMENDMENT. Subsection 4 of section 54-44.1-06 of the North Dakota Century Code is amended and reenacted as follows:

4. Detailed comparative statements of expenditures and requests for appropriations by funds, budget units and classification of expenditures, showing the expenditures for the previous biennium, the first fiscal year of the present biennium, the budget of the current biennium, and the governor's recommendation for appropriations for each

budget unit for the next biennium, all distributed according to the prescribed classification of expenditures. Following the lists of actual and proposed expenditures of each budget unit there must be a brief explanation of the functions of the unit and comments on its policies and plans and on any considerable differences among the amounts recommended, with any descriptive, quantitative, comparative, and other data as to work done, unit costs, and like information as may be considered necessary or desirable. For capital outlay expenditures involving construction projects to be completed in two or more fiscal years, there must be shown the total estimated cost of each such project and the amount thereof recommended to be appropriated and expended in each ensuing fiscal year until completion of the project. Capital outlay needs may be projected for at least two years beyond the period covered by the budget. The detailed comparative statements of budget units under the control of the state board of higher education must include the same information presented for other budget units.

SECTION 25. AMENDMENT. Section 54-44.1-11 of the North Dakota Century Code is amended and reenacted as follows:

54-44.1-11. (Effective through July 31, ~~2015~~2017) Office of management and budget to cancel unexpended appropriations - When they may continue.

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.

(Effective after July 31, ~~2015~~2017) Office of management and budget to cancel unexpended appropriations - When they may continue. 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 26. REPEAL. Chapter 15-62.2 of the North Dakota Century Code is repealed.

SECTION 27. SYSTEMWIDE FUNDING POOLS - TRANSFER AUTHORITY - LEGISLATIVE MANAGEMENT REPORT. The following line items contained in subdivision 1 of section 1 of this Act include funding that may be transferred in full or in part as provided in this section for the period beginning with the effective date of this Act and ending June 30, 2017, by the state board of higher education to the institutions and entities under its control as follows:

1. The deferred maintenance funding pool line item includes funding that must be used to address deferred maintenance and other infrastructure needs at institutions based on university system master plan and space utilization studies.
2. The education incentive programs line item includes funding that may be allocated to education incentive programs based on program eligibility criteria and the reduction or elimination of specific programs as determined by the board.
3. The campus security funding pool line item includes funding that must be used to address security needs at institutions based on campus risk and security assessments.
4. The extraordinary repairs funding pool line item includes funding that must be used to address infrastructure needs at institutions and forest service facilities based on university system master plan and space utilization studies and identified needs of the forest service.

The state board of higher education may not transfer any funding from the deferred maintenance funding pool or the extraordinary repairs funding pool to an institution or entity under its control unless the institution or entity has submitted a comprehensive space utilization study to the board. The comprehensive space utilization study must include a review of current space for instruction, academic support, student services, and administration; the current utilization of each type of space; and the projected future needs for each type of space. The

state board of higher education shall provide reports to the legislative management during the 2015-16 interim regarding distributions from the deferred maintenance, campus security, and extraordinary repairs funding pools.

SECTION 28. CAMPUS CAPITAL PROJECTS - PROJECT MANAGEMENT. During the biennium beginning July 1, 2015, and ending June 30, 2017, 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 29. NORTH DAKOTA STATE UNIVERSITY - MINARD HALL - REAUTHORIZATION - BUDGET SECTION REPORT. In addition to the funds appropriated in section 1 of this Act, North Dakota state university may use unspent state funding from the $5,000,000 appropriation received during the biennium beginning July 1, 2007, and ending June 30, 2009, and unspent state funding from the $13,000,000 appropriation received during the biennium beginning July 1, 2009, and ending June 30, 2011, and special funds derived from insurance litigation settlement and other local institutional funds, to a total of $23,474,300 for the Minard hall project, for the biennium beginning July 1, 2015, and ending June 30, 2017. North Dakota state university shall report to the budget section regarding the status of the Minard hall project and may request increased spending authorization from the budget section for the project.

SECTION 30. MINOT STATE UNIVERSITY - FOOTBALL STADIUM PRESS BOX - REAUTHORIZATION. Minot state university may use up to $4,000,000 in private funds from the city of Minot and $1,000,000 in local institutional funds for the completion of the football stadium press box during the biennium beginning July 1, 2015, and ending June 30, 2017.

SECTION 31. STUDENT LOAN TRUST FUND. Subdivision 1 of section 1 of this Act includes the sum of $1,004,744, or so much of the sum as may be necessary, from the student loan trust fund of which $465,307 is for the professional student exchange program and $539,437 is for connectND campus solution positions, for the biennium beginning July 1, 2015, and ending June 30, 2017.

SECTION 32. 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, 2015, and ending June 30, 2017. A minimum of twenty-five percent of the allocation must be transferred by the state board of higher education to the university of North Dakota school of medicine and health sciences.

SECTION 33. 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 institutions and entities under the control of the state board of higher education are appropriated to those institutions and entities, for the biennium beginning July 1, 2015, and ending June 30, 2017. All additional funds received under the North Dakota-Minnesota reciprocity agreement during the biennium beginning July 1, 2015, and ending June 30, 2017, are appropriated to the state board of higher education for reimbursement to institutions under the control of the board.

SECTION 34. TRANSFER AUTHORITY. If, during the biennium beginning July 1, 2015, and ending June 30, 2017, 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 35. EXEMPTION - CONTINGENT APPROPRIATION REDUCTION. The amount appropriated for the performance funding pool line item in section 1 of chapter 34 of the 2013 Session Laws is not subject to section 54-44.1-11 and any unexpended funds in this line item must be canceled by the office of management and budget on the effective date of this section. The office of management and budget shall reduce the general fund appropriation authority included in the system governance line item contained in subdivision 1 of section 1 of this Act in an amount equal to any appropriation used from the performance funding pool line item contained in section 1 of chapter 34 of the 2013 Session Laws.

SECTION 36. EXEMPTION - TRANSFER - GRANT. The sum of $750,000 from the general fund is appropriated in the capital assets line item in subdivision 5 of section 1 of chapter 34 of the 2013 Session Laws for the university of North Dakota school of medicine and health sciences Bismarck family practice center skywalk project. Pursuant to section 54-44.1-11, $200,000 of the unexpended appropriation authority for the project must be continued into the

biennium beginning July 1, 2015, and ending June 30, 2017, and must be transferred to the university system office for the purpose of providing a grant to the North Dakota humanities council for the development of elementary and secondary civics education. Any remaining unexpended appropriation authority for the project is not subject to section 54-44.1-11 and the office of management and budget shall cancel the remaining unexpended appropriation authority on the effective date of this section.

SECTION 37. STATE FLEET REIMBURSEMENT - TRANSFER. Notwithstanding any other provision of law, the university of North Dakota shall transfer the sum of $375,000 to the department of transportation for costs associated with previous use by the institution of state fleet services motor coaches and North Dakota state university shall transfer the sum of $375,000 to the department of transportation for costs associated with previous use by the institution of state fleet services motor coaches. The university of North Dakota and North Dakota state university shall transfer the funds as directed under this section to the department of transportation prior to January 1, 2016.

SECTION 38. STATE BOARD OF HIGHER EDUCATION - EVALUATION OF EMPLOYEES. The state board of higher education shall conduct or contract for comprehensive performance evaluations of the president and each individual designated as a vice president of an institution under the supervision and control of the board and of the commissioner of higher education and each individual within the university system office with the title of "vice chancellor". Each performance review must include participation and input from the individual's subordinates, peers, supervisors, and other appropriate individuals, as well as the individual being evaluated. Each performance review must include an analysis of the individual's contribution and performance in leadership, teamwork, interpersonal communication, management, contribution, work habits, interpersonal interaction, and accountability. Notwithstanding any provision of law, any record created or collected in the conduct of a performance review under this section and the report of each performance review is a public record. This section does not apply to any individual who has served in their respective position for less than three years as of July 1, 2015.

SECTION 39. STATE BOARD OF HIGHER EDUCATION DATA INCONSISTENCIES - REPORT TO THE SIXTY-FIFTH LEGISLATIVE ASSEMBLY. During the biennium beginning July 1, 2015, and ending June 30, 2017, the state board of higher education shall evaluate the

following data inconsistency issues at institutions and entities under its control and develop policies and procedures to correct the inconsistencies:

1. Lack of integration of personal and demographic information among computer systems;
2. Lack of use of standard chart of accounts for financial reporting and standard department budget table deduction and tax override flags;
3. Absence of standard business processes for recording mandatory fees and for changing payroll funding source information;
4. Inconsistent methods and procedures at institutions for recording high school completions, identifying student cohorts for reporting purposes, and classifying agency funds;
5. Inconsistent practices and policies at institutions for awarding tuition waivers, admitting students, using purchasing card, charging tuition and fees, and accruing of faculty sick leave;
6. Inconsistent coding and naming for bad debt expense and journal entries;
7. Use of shadow accounting systems for reporting purposes; and
8. Inconsistent definitions for a distance education student, a resident student for tuition purposes, and a full-time student for federal tax purposes.

The state board of higher education shall provide a report to the appropriations committees of the sixty-fifth legislative assembly regarding the status of the inconsistencies, including policies and procedures implemented to correct the inconsistencies.

SECTION 40. HIGHER EDUCATION INSTITUTION PERMANENT FUNDS - REPORT TO SIXTY-FIFTH LEGISLATIVE ASSEMBLY. The state board of higher education shall provide a report to the appropriations committees of the sixty-fifth legislative assembly regarding the use of funds received by institutions under its control from permanent fund income established for the benefit of the institutions in section 1 of article IX of the Constitution of North Dakota.

SECTION 41. EXTRAORDINARY CAMPUS NEEDS FUNDING - REPORT TO THE SIXTY-FIFTH LEGISLATIVE ASSEMBLY. The operations line item in subdivision 4 of section 1 of this Act includes the sum of $2,500,000 for extraordinary campus needs at Williston state college. Williston state college shall provide a report to the appropriations committees of the

sixty-fifth legislative assembly regarding the use of this funding and the need to continue the funding in to the biennium beginning July 1, 2017, and ending June 30, 2019.

SECTION 42. LEGISLATIVE MANAGEMENT STUDY - HIGHER EDUCATION COURSE DELIVERY METHODS. During the 2015-16 interim, the legislative management shall consider studying the delivery methods of higher education courses offered by institutions under the control of the state board of higher education. The study, if conducted, must include a review of current methods of distance education offered by institutions, options to improve delivery methods, revenue generated by each type of delivery method, and how course delivery methods may affect future campus infrastructure needs. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly.

SECTION 43. LEGISLATIVE MANAGEMENT STUDY - INSTITUTION MISSIONS. During the 2015-16 interim, the legislative management shall study the missions of all two-year institutions and the missions of any other institutions under the control of the state board of higher education, as determined by the legislative management, including the feasibility and desirability of the institutions offering only workforce and career and technical education programs. The study must review the current missions of the institutions, current and projected course and program enrollments, projected workforce needs, including how the institutions can serve the needs, and options to increase operating efficiencies. The legislative management shall report its findings, together with any legislation necessary to implement the findings, to the sixty-fifth legislative assembly.

SECTION 44. EMERGENCY. Sections 10, 27, 35, and 36 and the capital assets, extraordinary repairs pool, campus security pool, and deferred maintenance pool line items in section 1 of this Act are declared to be an emergency measure.

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1003 - Funding Summary

	Base Budget	House Changes	House Version
State Auditor			
Higher education audit		$1,221,914	$1,221,914
Total all funds	$0	$1,221,914	$1,221,914
Less estimated income	0	0	0
General fund	$0	$1,221,914	$1,221,914
FTE	0.00	6.00	6.00
Attorney General			
Higher education legal services		$1,604,500	$1,604,500
Total all funds	$0	$1,604,500	$1,604,500
Less estimated income	0	0	0
General fund	$0	$1,604,500	$1,604,500
FTE	0.00	6.00	6.00
University System Office			
Capital assets - bond payments	$10,436,045	($2,067,209)	$8,368,836
Competitive research program	7,050,000		7,050,000
System governance	12,666,502	(5,114,727)	7,551,775
Title II	1,006,472		1,006,472
Core technology services	38,662,551	7,390,980	46,053,531
Student financial assistance grants	21,245,679	4,388,597	25,634,276
Professional student exchange program	4,275,015		4,275,015
Academic and CTE scholarships	10,000,000	4,997,653	14,997,653
Two-year campus marketing	800,000		800,000
Scholars program	2,113,584		2,113,584
Native American scholarships	649,267		649,267
Tribal college grants	1,000,000	(500,000)	500,000
Education incentive programs	3,349,000		3,349,000
Student mental health	282,520	33,480	316,000
Veterans assistance grants	325,000		325,000
Deferred maintenance pool		5,000,000	5,000,000
Campus security pool		3,000,000	3,000,000
Open educational resources training		110,000	110,000
Extraordinary repairs funding pool		11,162,008	11,162,008
Unified workforce education		50,000	50,000
Total all funds	$113,861,635	$28,450,782	$142,312,417
Less estimated income	2,299,912	(288,696)	2,011,216
General fund	$111,561,723	$28,739,478	$140,301,201
FTE	112.91	(16.52)	96.39
Bismarck State College			
Operations	$32,653,654	$3,975,752	$36,629,406
Capital assets	417,673	939,927	1,357,600
Total all funds	$33,071,327	$4,915,679	$37,987,006
Less estimated income	0	0	0
General fund	$33,071,327	$4,915,679	$37,987,006
FTE	126.96	6.57	133.53

Lake Region State College			
Operations	$12,429,097	$2,844,995	$15,274,092
Capital assets	155,367	(155,367)	
Total all funds	$12,584,464	$2,689,628	$15,274,092
Less estimated income	0	0	0
General fund	$12,584,464	$2,689,628	$15,274,092
FTE	40.22	9.97	50.19
Williston State College			
Operations	$12,783,506	($535,584)	$12,247,922
Capital assets	197,801	87,199	285,000
Total all funds	$12,981,307	($448,385)	$12,532,922
Less estimated income	0	0	0
General fund	$12,981,307	($448,385)	$12,532,922
FTE	44.15	5.81	49.96
University of North Dakota			
Operations	$149,683,005	$12,074,256	$161,757,261
Capital assets	4,411,566	57,830,019	62,241,585
Total all funds	$154,094,571	$69,904,275	$223,998,846
Less estimated income	0	0	0
General fund	$154,094,571	$69,904,275	$223,998,846
FTE	633.60	(3.40)	630.20
UND Medical Center			
Operations	$52,762,590	$19,511,649	$72,274,239
Total all funds	$52,762,590	$19,511,649	$72,274,239
Less estimated income	0	0	0
General fund	$52,762,590	$19,511,649	$72,274,239
FTE	156.55	28.03	184.58
North Dakota State University			
Operations	$140,341,540	$10,545,417	$150,886,957
Capital assets	2,732,244	(1,140,818)	1,591,426
Total all funds	$143,073,784	$9,404,599	$152,478,383
Less estimated income	0	0	0
General fund	$143,073,784	$9,404,599	$152,478,383
FTE	491.21	45.89	537.10
State College of Science			
Operations	$38,181,456	$3,511,925	$41,693,381
Capital assets	1,012,379	(737,281)	275,098
Total all funds	$39,193,835	$2,774,644	$41,968,479
Less estimated income	0	0	0
General fund	$39,193,835	$2,774,644	$41,968,479
FTE	171.87	(3.57)	168.30
Dickinson State University			
Operations	$26,299,227	($1,096,445)	$25,202,782
Capital assets	409,078	(409,078)	
Total all funds	$26,708,305	($1,505,523)	$25,202,782
Less estimated income	0	0	0
General fund	$26,708,305	($1,505,523)	$25,202,782
FTE	100.32	19.94	120.26

Mayville State University			
Operations	$14,364,424	$623,654	$14,988,078
Capital assets	358,992	(130,707)	228,285
Total all funds	$14,723,416	$492,947	$15,216,363
Less estimated income	0	0	0
General fund	$14,723,416	$492,947	$15,216,363
FTE	62.78	3.45	66.23
Minot State University			
Operations	$43,810,211	$2,980,534	$46,790,745
Capital assets	899,620	(899,620)	
Total all funds	$44,709,831	$2,080,914	$46,790,745
Less estimated income	0	0	0
General fund	$44,709,831	$2,080,914	$46,790,745
FTE	201.76	2.34	204.10
Valley City State University			
Operations	$20,691,135	$1,215,404	$21,906,539
Capital assets	408,319	(165,081)	243,238
Total all funds	$21,099,454	$1,050,323	$22,149,777
Less estimated income	0	0	0
General fund	$21,099,454	$1,050,323	$22,149,777
FTE	97.29	8.30	105.59
Dakota College at Bottineau			
Operations	$7,892,043	($18,821)	$7,873,222
Capital assets	114,007	(85,550)	28,457
Total all funds	$8,006,050	($104,371)	$7,901,679
Less estimated income	0	0	0
General fund	$8,006,050	($104,371)	$7,901,679
FTE	36.12	10.84	46.96
Forest Service			
Operations	$6,249,979	$326,982	$6,576,961
Capital assets	101,210	(44,962)	56,248
Total all funds	$6,351,189	$282,020	$6,633,209
Less estimated income	1,650,000	0	1,650,000
General fund	$4,701,189	$282,020	$4,983,209
FTE	29.00	(0.04)	28.96
Bill Total			
Total all funds	$683,221,758	$142,325,595	$825,547,353
Less estimated income	3,949,912	(288,696)	3,661,216
General fund	$679,271,846	$142,614,291	$821,886,137
FTE	2304.74	129.61	2434.35

House Bill No. 1003 - State Auditor - House Action

	Base Budget	House Changes	House Version
Higher education audit		$1,221,914	$1,221,914
Total all funds	$0	$1,221,914	$1,221,914
Less estimated income	0	0	0
General fund	$0	$1,221,914	$1,221,914
FTE	0.00	6.00	6.00

Department 117 - State Auditor - Detail of House Changes

	Adds Higher Education Audit Positions[1]	Total House Changes
Higher education audit	1,221,914	1,221,914
Total all funds	$1,221,914	$1,221,914
Less estimated income	0	0
General fund	$1,221,914	$1,221,914
FTE	6.00	6.00

[1] Funding of $1,221,914 and 6 FTE positions are added to the State Auditor's office to conduct audits of the North Dakota University System. The new positions are to be filled based on a competitive hiring process. A section is also added to provide statutory provisions regarding the higher education audit duties and functions.

House Bill No. 1003 - Attorney General - House Action

	Base Budget	House Changes	House Version
Higher education legal services		$1,604,500	$1,604,500
Total all funds	$0	$1,604,500	$1,604,500
Less estimated income	0	0	0
General fund	$0	$1,604,500	$1,604,500
FTE	0.00	6.00	6.00

Department 125 - Attorney General - Detail of House Changes

	Adds Higher Education Legal Positions[1]	Total House Changes
Higher education legal services	1,604,500	1,604,500
Total all funds	$1,604,500	$1,604,500
Less estimated income	0	0
General fund	$1,604,500	$1,604,500
FTE	6.00	6.00

[1] Funding of $1,604,500 and 6 FTE positions are added for the Attorney General's office to provide legal services to the University System. The new positions are to be filled based on a competitive hiring process. A section is also added to provide statutory changes regarding the employment of attorneys by the State Board of Higher Education.

House Bill No. 1003 - North Dakota University System - General Fund Summary of House Action

	Base Budget	House Changes	House Version
University System Office	$111,561,723	$28,739,478	$140,301,201
Bismarck State College	33,071,327	4,915,679	37,987,006
Lake Region State College	12,584,464	2,689,628	15,274,092
Williston State College	12,981,307	(448,385)	12,532,922
University of North Dakota	154,094,571	69,904,275	223,998,846
UND Medical Center	52,762,590	19,511,649	72,274,239
North Dakota State University	143,073,784	9,404,599	152,478,383
State College of Science	39,193,835	2,774,644	41,968,479
Dickinson State University	26,708,305	(1,505,523)	25,202,782
Mayville State University	14,723,416	492,947	15,216,363
Minot State University	44,709,831	2,080,914	46,790,745
Valley City State University	21,099,454	1,050,323	22,149,777
Dakota College at Bottineau	8,006,050	(104,371)	7,901,679
Forest Service	4,701,189	282,020	4,983,209
Total general fund	$679,271,846	$139,787,877	$819,059,723

Detail of House Changes to the General Fund

	Adds Funding for Salary and Benefit Increases and Adjusts FTE Positions[1]	Adjusts Funding for the University System Office[2]	Adds Funding for Core Technology Services Initiatives[3]	Increases Funding for Student Financial Assistance Programs[4]	Removes Internal Audit and Legal Positions[5]	Adds Campus Deferred Maintenance and Security Funding Pools[6]
University System Office	2,095,253	(4,423,729)	5,799,800	9,386,250	(3,330,104)	8,000,000
Bismarck State College						
Lake Region State College						
Williston State College						
University of North Dakota						
UND Medical Center						
North Dakota State University						
State College of Science						
Dickinson State University						
Mayville State University						
Minot State University						
Valley City State University						
Dakota College at Bottineau						
Forest Service	326,982					
Total general fund	$2,422,235	($4,423,729)	$5,799,800	$9,386,250	($3,330,104)	$8,000,000

	Adds Contingent Appropriation for Unified Workforce Education[7]	Removes Campus Assessments and Consolidates Services[8]	Transfers Funding to Extraordinary Repairs Funding Pool[9]	Provides Funding Formula and Base Level Adjustments[10]	Adds Funding for UND School of Medicine and Health Sciences Initiatives[11]	Adds Funding for Capital Projects and Special Assessments[12]
University System Office	50,000		11,162,008			
Bismarck State College		(39,822)	(417,673)	4,015,574		1,357,600
Lake Region State College		(12,086)	(155,367)	2,857,081		
Williston State College		(16,476)	(197,801)	(519,108)		285,000
University of North Dakota		(489,539)	(4,411,566)	12,563,795		62,241,585
UND Medical Center					19,511,649	
North Dakota State University		(265,418)	(2,732,244)	10,810,835		1,591,426
State College of Science		(38,329)	(1,012,379)	3,550,254		275,098
Dickinson State University		(27,603)	(409,078)	(1,068,842)		
Mayville State University		(19,864)	(358,992)	643,518		228,285
Minot State University		(54,831)	(899,620)	3,035,365		
Valley City State University		(50,616)	(408,319)	1,266,020		243,238
Dakota College at Bottineau		(8,368)	(114,007)	(10,453)		28,457
Forest Service			(44,962)			
Total general fund	$50,000	($1,022,952)	$0	$37,144,039	$19,511,649	$66,250,689

	Total General Fund Changes
University System Office	28,739,478
Bismarck State College	4,915,679
Lake Region State College	2,689,628
Williston State College	(448,385)
University of North Dakota	69,904,275
UND Medical Center	19,511,649
North Dakota State University	9,404,599
State College of Science	2,774,644
Dickinson State University	(1,505,523)
Mayville State University	492,947
Minot State University	2,080,914
Valley City State University	1,050,323
Dakota College at Bottineau	(104,371)
Forest Service	282,020
Total general fund	$139,787,877

House Bill No. 1003 - North Dakota University System - Other Funds Summary of House Action

	Base Budget	House Changes	House Version
University System Office	$2,299,912	($288,696)	$2,011,216
Bismarck State College			
Lake Region State College			
Williston State College			
University of North Dakota			
UND Medical Center			
North Dakota State University			
State College of Science			
Dickinson State University			
Mayville State University			
Minot State University			
Valley City State University			
Dakota College at Bottineau			
Forest Service	1,650,000		1,650,000
Total other funds	$3,949,912	($288,696)	$3,661,216

Detail of House Changes to Other Funds

	Adds Funding for Salary and Benefit Increases and Adjusts FTE Positions[1]	Adjusts Funding for the University System Office[2]	Adds Funding for Core Technology Services Initiatives[3]	Increases Funding for Student Financial Assistance Programs[4]	Removes Internal Audit and Legal Positions[5]	Adds Campus Deferred Maintenance and Security Funding Pools[6]
University System Office		(288,696)				
Bismarck State College						
Lake Region State College						
Williston State College						
University of North Dakota						
UND Medical Center						
North Dakota State University						
State College of Science						
Dickinson State University						
Mayville State University						
Minot State University						
Valley City State University						
Dakota College at Bottineau						
Forest Service						
Total other funds	$0	($288,696)	$0	$0	$0	$0

	Adds Contingent Appropriation for Unified Workforce Education[7]	Removes Campus Assessments and Consolidates Services[8]	Transfers Funding to Extraordinary Repairs Funding Pool[9]	Provides Funding Formula and Base Level Adjustments[10]	Adds Funding for UND School of Medicine and Health Sciences Initiatives[11]	Adds Funding for Capital Projects and Special Assessments[12]
University System Office						
Bismarck State College						
Lake Region State College						
Williston State College						
University of North Dakota						
UND Medical Center						
North Dakota State University						
State College of Science						
Dickinson State University						
Mayville State University						
Minot State University						
Valley City State University						
Dakota College at Bottineau						
Forest Service						
Total other funds	$0	$0	$0	$0	$0	$0

	Total Other Funds Changes
University System Office	(288,696)
Bismarck State College	
Lake Region State College	
Williston State College	
University of North Dakota	
UND Medical Center	
North Dakota State University	
State College of Science	
Dickinson State University	
Mayville State University	
Minot State University	
Valley City State University	
Dakota College at Bottineau	
Forest Service	
Total other funds	($288,696)

House Bill No. 1003 - North Dakota University System - All Funds Summary of House Action

	Base Budget	House Changes	House Version
University System Office	$113,861,635	$28,450,782	$142,312,417
Bismarck State College	33,071,327	4,915,679	37,987,006
Lake Region State College	12,584,464	2,689,628	15,274,092
Williston State College	12,981,307	(448,385)	12,532,922
University of North Dakota	154,094,571	69,904,275	223,998,846
UND Medical Center	52,762,590	19,511,649	72,274,239
North Dakota State University	143,073,784	9,404,599	152,478,383
State College of Science	39,193,835	2,774,644	41,968,479
Dickinson State University	26,708,305	(1,505,523)	25,202,782
Mayville State University	14,723,416	492,947	15,216,363
Minot State University	44,709,831	2,080,914	46,790,745
Valley City State University	21,099,454	1,050,323	22,149,777
Dakota College at Bottineau	8,006,050	(104,371)	7,901,679
Forest Service	6,351,189	282,020	6,633,209
Total all funds	$683,221,758	$139,499,181	$822,720,939
FTE	2304.74	117.61	2422.35

Detail of House Changes to All Funds

	Adds Funding for Salary and Benefit Increases and Adjusts FTE Positions[1]	Adjusts Funding for the University System Office[2]	Adds Funding for Core Technology Services Initiatives[3]	Increases Funding for Student Financial Assistance Programs[4]	Removes Internal Audit and Legal Positions[5]	Adds Campus Deferred Maintenance and Security Funding Pools[6]
University System Office	2,095,253	(4,712,425)	5,799,800	9,386,250	(3,330,104)	8,000,000
Bismarck State College						
Lake Region State College						
Williston State College						
University of North Dakota						
UND Medical Center						
North Dakota State University						
State College of Science						
Dickinson State University						
Mayville State University						
Minot State University						
Valley City State University						
Dakota College at Bottineau						
Forest Service	326,982					
Total all funds	$2,422,235	($4,712,425)	$5,799,800	$9,386,250	($3,330,104)	$8,000,000
FTE	113.21	(1.00)	0.00	0.00	(15.60)	0.00

	Adds Contingent Appropriation for Unified Workforce Education[7]	Removes Campus Assessments and Consolidates Services[8]	Transfers Funding to Extraordinary Repairs Funding Pool[9]	Provides Funding Formula and Base Level Adjustments[10]	Adds Funding for UND School of Medicine and Health Sciences Initiatives[11]	Adds Funding for Capital Projects and Special Assessments[12]
University System Office	50,000		11,162,008			
Bismarck State College		(39,822)	(417,673)	4,015,574		1,357,600
Lake Region State College		(12,086)	(155,367)	2,857,081		
Williston State College		(16,476)	(197,801)	(519,108)		285,000
University of North Dakota		(489,539)	(4,411,566)	12,563,795		62,241,585
UND Medical Center					19,511,649	
North Dakota State University		(265,418)	(2,732,244)	10,810,835		1,591,426
State College of Science		(38,329)	(1,012,379)	3,550,254		275,098
Dickinson State University		(27,603)	(409,078)	(1,068,842)		
Mayville State University		(19,864)	(358,992)	643,518		228,285
Minot State University		(54,831)	(899,620)	3,035,365		
Valley City State University		(50,616)	(408,319)	1,266,020		243,238
Dakota College at Bottineau		(8,368)	(114,007)	(10,453)		28,457
Forest Service			(44,962)			
Total all funds	$50,000	($1,022,952)	$0	$37,144,039	$19,511,649	$66,250,689
FTE	0.00	0.00	0.00	0.00	21.00	0.00

	Total All Funds Changes
University System Office	28,450,782
Bismarck State College	4,915,679
Lake Region State College	2,689,628
Williston State College	(448,385)
University of North Dakota	69,904,275
UND Medical Center	19,511,649
North Dakota State University	9,404,599
State College of Science	2,774,644
Dickinson State University	(1,505,523)
Mayville State University	492,947
Minot State University	2,080,914
Valley City State University	1,050,323
Dakota College at Bottineau	(104,371)
Forest Service	282,020
Total all funds	$139,499,181
FTE	117.61

[1] Funding is added for the following general fund salary and benefit adjustments for the University System office, Core Technology Services, and Forest Service:

	University System Office	Core Technology Services	Forest Service	Total
Cost-to-continue 2013-15 biennium salary and benefit adjustments	$74,151	$273,490	$48,974	$396,615
3 percent annual salary adjustments for the 2015-17 biennium	287,795	901,517	161,434	1,350,746
Health insurance premium increases	142,127	416,173	116,574	674,874
Total	$504,073	$1,591,180	$326,982	$2,422,235

The number of 2013-15 biennium authorized FTE positions is adjusted for institutions and entities under the control of the State Board of Higher Education by adding 113.21 FTE positions pursuant to Section 36 of 2013 Senate Bill No. 2003 which authorizes the board to adjust FTE positions as needed subject to the availability of funds.

[2] Funding for the University System office is adjusted as follows:
- General fund appropriations for capital bond payments are reduced by $2,067,209 to reflect lower estimated bond payments.
- Federal funding of $288,696 and 1 FTE position is transferred to the Department of Veterans' Affairs for the State Approving Agency.
- General fund appropriations for University System governance and operations are reduced by $2 million.
- General fund appropriations for tribal college assistance grants are reduced from the base level of $1 million to $500,000.
- Funding from the general fund for student mental health services is increased by $33,480.
- One-time funding from the general fund of $110,000 is added for open educational resources training.

[3] Funding from the general fund is added for the following Core Technology Services initiatives:

Initiative	Ongoing Funding	One-Time Funding	Total
Information technology security	$152,900	$1,350,000	$1,502,900
Centralized document imaging	915,400	270,000	1,185,400
Predictive analytics reporting and other student success initiatives	1,910,000	181,500	2,091,500
Identity management system		1,020,000	1,020,000
Total	$2,978,300	$2,821,500	$5,799,800

[4] Funding is added for student financial assistance programs to:
- Increase the maximum student financial assistance grant award (needs-based aid) amount from $1,650 per year to $1,950 per year.
- Increase the academic and career and technical education scholarship award (merit-based aid) amount from $1,500 per year to $1,950 per year with a lifetime maximum of $7,800.

Section 6 of the bill is amended to provide the statutory adjustments needed to increase the academic and career and technical education scholarship award amount. Sections are also added to repeal North Dakota Century Code Chapter 15-62.2 which relates to the student financial assistance grant program and the scholars program and to add two new chapters regarding the programs. The new chapters provide the statutory adjustments needed to increase the student financial assistance grant award amount and to provide clarification regarding residency requirements for the programs and the ability to distribute awards on a semester or quarterly basis.

[5] University System internal audit legal functions are removed as follows:
- General fund base funding of $771,964 and 7 internal audit FTE positions are removed.
- General fund base funding of $2,558,140 and 8.6 legal FTE positions are removed.

[6] Funding is added for the following pools to be transferred by the State Board of Higher Education to institutions and entities under its control:
- A $5 million deferred maintenance funding pool is added and is to be distributed to institutions based on campus master plan and space utilization studies.
- A $3 million campus security pool is added and is to be distributed to institutions based on campus security and risk assessments.

Section 8 of the bill is amended to provide transfer authority for the funding pools.

[7] A contingent appropriation of $50,000 is added from the general fund for a unified system of workforce, vocational, and technical education. The appropriation is contingent upon the State Board of Higher Education certifying to the Office of Management and Budget that a unified system of workforce, vocational, and technical education has been established. The board is to provide reports to the Legislative Management regarding the status of establishing the unified system.

[8] Funding is removed for the following campus assessments and consolidated services:

- Funding of $431,627 previously used by campuses to pay internal audit assessments is removed.
- Funding of $224,500 is removed from campus budgets for predictive analytics and student success programs.
- Funding of $366,825 is removed from campus budgets for document imaging.

Funding for document imaging and predictive analytics and student success services is added to the University System office budget to provide consolidated systemwide services. Please see the "Adds Funding for Core Technology Services Initiatives" footnote for additional information.

[9] Base funding for extraordinary repairs is transferred from campuses and the Forest Service to the University System office for an extraordinary repairs funding pool. Funds in the pool are to be distributed to campuses and the Forest Service based on campus master plan and space utilization studies and identified needs of the Forest Service.

[10] The following funding adjustments are made based on the higher education funding formula and other adjustments:

	General Fund
Bismarck State College	$4,015,574
Dakota College at Bottineau	(10,453)
Lake Region State College	2,857,081
North Dakota State College of Science	3,550,254
Williston State College	(519,108)
Dickinson State University	(1,068,842)
Mayville State University	643,518
Minot State University	3,035,365
Valley City State University	1,266,020
North Dakota State University	10,810,835
University of North Dakota	12,563,795
Total	$37,144,039

The funding formula adjustments are based on 2011-13 biennium completed student credit hours. Sections are also added to the bill to provide for statutory adjustments to the funding formula remedial education factor rate, credit completion factor rates, and institutional size factor rates.

The adjustments include the removal of $2.5 million of base funding provided to Minot State University during the 2013-15 biennium for flood recovery needs.

[11] Funding is added for the following University of North Dakota School of Medicine and Health Sciences initiatives:

	General Fund
RuralMed program	$996,843
Health care workforce initiative (includes the addition of 21 FTE positions)	13,814,806
Residency positions	4,700,000
Total	$19,511,649

The funding for the health care workforce initiative and residency positions is considered one-time funding.

[12] Funding from the general fund is added for Phase II of the University of North Dakota School of Medicine and Health Sciences facility project ($62 million) and for special assessments payments at campuses ($4,250,689).

House Bill No. 1003 - Other Changes - House Action

This amendment also:

- Amends Section 15-10-12.1 regarding legislative approval for campus building and maintenance projects.
- Amends Section 15-10-17 regarding the authority to set tuition and fees at institutions of higher education.

- Adds a new section to Chapter 15-10 to require capital projects to conform to University System master plan and space utilization studies and to require future capital project budget requests for new buildings over $5 million to include a 3 percent funding request for future building maintenance costs.
- Adds a new section to Chapter 15-10 relating to consolidated use of electronic mail, file server administration, database administration, application server, and hosting services by higher education institutions.
- Adds a new section to Chapter 15-10 to exempt computer audit risk assessment results from open records requirements.
- Adds two new sections to Chapter 15-10 to create a unified workforce, vocational, and technical education program system and to create a workforce education advisory council.
- Amends Sections 54-44.1-04 and 54-44.1-06 to require budget requests of institutions and entities under the control of the State Board of Higher Education to include the same detailed information as budget requests of other state agencies.
- Amends Section 16 of the bill to cancel the appropriation authority provided for a 2013-15 biennium higher education performance funding pool.
- Cancels $550,000 of the 2013-15 biennium general fund appropriation for the University of North Dakota Bismarck Family Practice Center skywalk project and requires the remaining funding of $200,000 to be provided as a grant for the development of civics curriculum.
- Requires University System institutions to reimburse the Department of Transportation for costs associated with previous use of State Fleet Services motor coaches.
- Requires comprehensive performance evaluations of the chancellor, vice chancellors, institution presidents, and institution vice presidents if the individuals have been employed in those positions for at least three years.
- Requires the State Board of Higher Education to address identified data inconsistency issues and report to the 65th Legislative Assembly regarding the status of the inconsistencies.
- Requires the State Board of Higher Education to provide a report to the appropriations committees of the 65th Legislative Assembly regarding the use of funds received by each campus from permanent constitutional fund income distributions.
- Requires Williston State College to provide a report to the appropriations committees of the 65th Legislative Assembly regarding the use of extraordinary campus needs funding.
- Provides for a Legislative Management study of higher education course delivery methods.
- Provides for a Legislative Management study of the missions of institutions under the control of the State Board of Higher Education.

Appropriation Status Report

For the Month Ending Dec 31, 2014

Percent of Biennium Remaining 25%

Run Date: Jan 14, 2015

4310AA

Business Unit: 23500 NDSU

	Original Appropriation	Current Appropriation	Expenditures	Remaining Appropriation	Encumbrances	% Remaining
Expenditures by Line Item						
23530 Operating Expenses	140,341,540.00	136,606,540.00	82,767,355.00	53,839,185.00		39%
23550 Capital Assets	70,671,600.00	38,315,656.00	6,650,770.90	31,664,885.10		83%
23551 Capital Assets-Carryover		1,918,517.97	1,691,957.60	226,560.37		12%
23552 Capital Improv-Off System		14,413,460.34		14,413,460.34		100%
23553 Cap Proj-Off System-Carryover		55,842,233.15		55,842,233.15		100%
Total Expendiutres	**211,013,140.00**	**247,096,407.46**	**91,110,083.50**	**155,986,323.96**		**63%**
Expenditures by Funding Source						
General Funds	171,193,784.00	176,840,713.97	91,110,083.50	85,730,630.47		48%
Federal Funds		4,270,000.00		4,270,000.00		100%
Special Funds	39,819,356.00	65,985,693.49		65,985,693.49		100%
Total Expenditures by Source	**211,013,140.00**	**247,096,407.46**	**91,110,083.50**	**155,986,323.96**		**63%**

North Dakota State University-235
2013-15 Major Components of current base level funding
By line and functional classification

Operating Base	Personnel	Operating	Equipment	Deferred Maintenance/Extraordinary Repairs	Total
Academic Support	17,007,456	4,255,259	251,781	-	21,514,496
Community Service	23,387	17,497	-	-	40,884
Institutional Support	9,689,640	3,060,816	351,741	-	13,102,197
Instruction	63,040,300	6,997,584	141,189	-	70,179,073
Facilities	8,217,417	14,033,130	173,739	3,735,000	26,159,286
Research	88,453	541,872	110,514	-	740,839
Student Services	7,972,682	632,084	-	-	8,604,766
					-
Total Operating	**106,039,335**	**29,538,242**	**1,028,964**	**3,735,000**	**140,341,541**
Deferred Maintenance Base					**2,732,244**
Total Base level funding					**143,073,785**

Above information does not include any one-time capital project information;
Capital projects are reported separately.

NDSU 2015-17 **SENATE**

North Dakota State University

2013-15 Base General Funds to Engrossed HB1003
Summary of Increases (Decreases)

	HB1003 House Engrossed
2013-15 Base General Fund Appropriation, adjusted	**$ 143,073,784**
2015-17 Base Increases (Decreases):	
State share of CTC, health & utility increases	
Cost to continue FY15 salary increases	-
Utilities increases (usage, rates & new facilities)	-
2015-17 Salary increases (3%/year)	-
2015-17 Health insurance increases	-
Funding model adjustments	-
Funding model update-SCH change	10,265,522
Funding model: average of tier	545,313
Remove document imaging at campuses, funded CTS	(121,794)
Remove internal audit campus assessments, funded in NDUS Office	(143,624)
Transfer base extraordinary repairs to NDUS pool	(2,732,244)
Total Increase in GF Base Funding	7,813,173
Total Base General Funds per Engrossed HB1003	**$ 150,886,957**
2015-17 One-time Increases:	
Campus Security	-
2015-17 Special assessments	1,591,426
Total One-time Increases, excluding Capital Projects	**1,591,426**
2015-17 State-funded Capital Projects	**-**
Total 2015-17 General Funds per Engrossed HB1003	**$ 152,478,383**

CTC FY15 salary increases, 2015-17 salary (3/3%), health insurance and utility increases	
State share (60%) - ***Unfunded***	$ 11,014,693
Student share (40%)	7,343,128
Tuition increase to fund student share (estimated): 2.6%	
Total	$ 18,357,821

North Dakota State University

General Fund Priorities

- Support full funding of the Higher Education Funding Formula, including the inflation factor to fund the state share of the compensation increases and utility cost increases, as included in the Executive Recommendation
- Support the funding of Dunbar Hall II, as approved by the SBHE as a Life/Safety Priority Capital Project
- Restore 2013-15 Extra-ordinary repair base funding to campus budgets; NDSU $2,732,244
- Support additional Extra-ordinary repair base funding, as included in the Executive Recommendation; NDSU $1,729,111

Other Fund Priorities

- Restore additional authorization of $600,000 requested for Minard Hall in response to a legal claim
- Restore the $11M student approved and funded Aquatic Center bonding project for legislative authorization

Sections of HB1003

- Section 4 and 5: remove; allow university system to retain legal and audit staff in order to meet reporting and compliance requirements.
- Section 6: remove; additional legislative approval requirements on non-state funded projects over $385,000 will delay campus ability to respond to needs timely, creates inefficient use of construction timelines with delays resulting in potential increased construction costs.
- Section 7: remove; allow the State Board of Higher Education to continue to approve tuition rates.
- Sections 14, 15, 16: remove; support and restore the Higher Education funding formula as included in the Executive Recommendation.
- Section 23 and 24: remove; allow university system to continue to submit budgets via IBARS with the current process and line items; administrative burden impact due to this change would be significant.
- Section 27: restore extraordinary repairs Base funding to campus in order to facilitate institutional planning for capital needs, remove delayed use of funds requirement pending space utilization study completion.
- Section 29: support continuation of Minard Hall spending authorization.
- Section 37: remove; assessment for DOT state fleet motor coach usage.
- Section 38: remove; prescribed evaluations of campus Vice Presidents could be detrimental to the feedback process and could be personally damaging to employees.
- Section 39: remove; presumes items listed to be the highest priority of work to improve efficiency and effectiveness; lack of adequate staff resources to lead and coordinate identified projects.

NDUS Campuses & SMHS
Summary of Increases (Decreases) from
2013-15 Base General Funds to Engrossed HB1003

		(1) BSC	(2) LRSC	(3) WSC	(4) UND	(5) SMHS	(6) NDSU	(7) NDSCS	(8) DSU	(9) MaSU	(10) MiSU	(11) VCSU	(12) DCB	(13) Total Campuses & SMHS
1	**2013-15 Base General Fund Appropriation**	$ 33,071,327	$ 12,584,464	$ 12,981,307	$ 154,094,571	$ 52,762,590	$ 143,073,784	$ 39,193,835	$ 26,708,305	$ 14,723,416	$ 44,709,832	$ 21,099,454	$ 8,006,050	$ 563,008,935
2	**2015-17 BASE Increases (Decreases):**													
3	Funding model adjustments (Excludes salary, health & utilities increases)	4,015,574	2,857,081	(519,108)	12,563,795		10,810,835	3,550,254	(1,068,842)	643,518	5,535,364	1,266,020	(10,453)	39,644,038
4	SMHS Rural Med program increase	-	-	-	-	996,843	-	-	-	-	-	-	-	996,843
5	Removes $2.5M base funding from MiSU	-	-	-	-		-	-	-	-	(2,500,000)	-	-	(2,500,000)
6	Remove document imaging at campuses, funded CTS	(19,667)	(6,833)	(6,597)	(132,103)		(121,794)	(21,560)	(10,269)	(9,841)	(23,402)	(9,953)	(4,806)	(366,825)
7	Remove PAR/Starfish/Hobsons at campuses, funded CTS	-	-	-	(192,300)		-	-	-	-	-	(32,200)	-	(224,500)
8	Remove internal audit campus assessments	(20,155)	(5,253)	(9,879)	(165,136)		(143,624)	(16,769)	(17,334)	(10,023)	(31,429)	(8,463)	(3,562)	(431,627)
9	Transfer base extraordinary repairs to NDUS Pool	(417,673)	(155,367)	(197,801)	(4,411,566)		(2,732,244)	(1,012,379)	(409,078)	(358,992)	(899,620)	(408,319)	(114,007)	(11,117,046)
10	**Total GF Base Increase (Decrease)**	**3,558,079**	**2,689,628**	**(733,385)**	**7,662,690**	**996,843**	**7,813,173**	**2,499,546**	**(1,505,523)**	**264,662**	**2,080,913**	**807,085**	**(132,828)**	**26,000,883**
11	**Total Base General Funds Per Engrossed HB 1003**	**36,629,406**	**15,274,092**	**12,247,922**	**161,757,261**	**53,759,433**	**150,886,957**	**41,693,381**	**25,202,782**	**14,988,078**	**46,790,745**	**21,906,539**	**7,873,222**	**589,009,818**
12	**2015-17 ONE-TIME Increases:**													
13	2015-17 Special assessments	1,357,600	-	285,000	241,585		1,591,426	275,098	-	228,285	-	243,238	28,457	4,250,689
14	Healthcare workforce initiative (Continue 13-15 funding)					7,414,806								7,414,806
15	Healthcare workforce initiative (15-17 increase)					11,100,000								11,100,000
16	Total One-time Increases, Excluding Capital Projects	1,357,600	-	285,000	241,585	18,514,806	1,591,426	275,098	-	228,285	-	243,238	28,457	22,765,495
17	2015-17 State-funded Capital Projects	-	-	-	62,000,000	-	-	-	-	-	-	-	-	62,000,000
18	**Total 2015-17 General Funds Per Engrossed HB 1003**	**$ 37,987,006**	**$ 15,274,092**	**$ 12,532,922**	**$ 223,998,846**	**$ 72,274,239**	**$ 152,478,383**	**$ 41,968,479**	**$ 25,202,782**	**$ 15,216,363**	**$ 46,790,745**	**$ 22,149,777**	**$ 7,901,679**	**$ 673,775,313**
19	Total GF Operating Base Incr (Decr) Lines 3+5	$ 4,015,574	$ 2,857,081	$ (519,108)	$ 12,563,795	$ -	$ 10,810,835	$ 3,550,254	$ (1,068,842)	$ 643,518	$ 3,035,364	$ 1,266,020	$ (10,453)	$ 37,144,038
20	**UNFUNDED: *State share*-**CTC FY15 Salary increases, 2015-17 Salary (3/3%), health & utilities increases	2,409,736	819,677	790,439	17,701,741	-	11,014,693	2,296,781	1,884,044	992,065	3,642,607	1,344,785	490,109	43,386,675
21	***Student share*-**CTC FY15 Salary increases, 2015-17 Salary (3/3%), health & utilities increases	$ 803,245	$ 273,226	$ 263,480	$ 11,801,160	$ -	$ 7,343,128	$ 765,594	$ 807,447	$ 425,170	$ 1,561,117	$ 576,337	$ 163,370	$ 24,783,273
22	Est annual tuition increase for student share only	2.0%	2.1%	4.7%	3.8%	3.9%	2.6%	3.2%	4.3%	3.3%	4.1%	3.5%	3.0%	

Funding Shares	State Share	Student Share
UND/NDSU	60%	40%
Four-year	70%	30%
Two-year	75%	25%

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Estimated State Share Costs for CTC, Salary, Health Insurance & Utilities Increases

	(1)	(2)	(3)	(4)		(5)	(5a)	(6)	(6a)	(6b)
	CTC	3% Sal Incr	Health Ins Incr	Subtotal Salaries & Health Ins		GF Base Incr (Decr) per Funding Model	Decrease MiSU Base	Difference between GF Incr & STATE Share (Col 5+5a - Col 4)	State Share Utilities	GF Base Incr, Less Est State Share Sal, Health & Utilities Incr
BSC	354,319	1,187,218	794,699	2,336,236		4,015,574		**1,679,338**	73,500	**1,605,838**
DCB	62,336	227,725	200,048	490,109		(10,453)		**(500,562)**		**(500,562)**
LRSC	112,202	417,087	290,388	819,677		2,857,081		**2,037,404**		**2,037,404**
NDSCS	329,261	1,132,973	834,547	2,296,781		3,550,254		**1,253,473**		**1,253,473**
WSC	98,493	452,374	213,589	764,456		(519,108)		**(1,283,564)**	25,983	**(1,309,547)**
DSU	290,308	1,038,405	555,331	1,884,044		(1,068,842)		**(2,952,886)**		**(2,952,886)**
MaSU	116,980	402,881	340,600	860,461		643,518		**(216,943)**	131,604	**(348,547)**
MiSU	468,630	1,563,283	1,008,192	3,040,105		5,535,365	(2,500,000)	**(4,740)**	602,502	**(607,242)**
VCSU	181,301	637,874	490,053	1,309,228		1,266,020		**(43,208)**	35,557	**(78,765)**
NDSU	1,671,242	5,612,840	3,194,811	10,478,893		10,810,835		**331,942**	535,800	**(203,858)**
UND/SMHS*	2,207,522	7,568,161	3,766,205	13,541,888		12,563,795		**(978,093)**	4,159,853	**(5,137,946)**
	5,892,594	20,240,819	11,688,463	37,821,876		39,644,039	(2,500,000)	**(677,837)**	5,564,799	**(6,242,636)**
UND*	**1,733,527**	**5,674,529**	**3,149,059**	**10,557,115**	**77.96%**			**(762,511)**	**4,159,853**	**(4,922,364)**
SMHS*	**473,995**	**1,893,632**	**617,146**	**2,984,773**	**22.04%**			**(215,582)**		**(215,582)**

TOTAL Estimated Costs for CTC, Salary, Health Insurance & Utilities Increases

	(7)	(8)	(9)	(10)	(11)	(11a)	(12)	(13)	(14)	(14a)	(14b)
	CTC	3% Sal Incr	Health Ins Incr	Subtotal Salaries & Benefits	GF Base Incr (Decr) per Funding Model	Decrease MiSU Base	2015-17 Est Tuition Rev Incr (Decr), With Tuition Freeze (next tab)	Total Est GF & Tuition Rev Incr (Decr) [EXCLUDES Tuition RATE Incr]	Difference between Est GF & Tuition Rev Incr (Decr) & TOTAL Costs	Total Est Utilities Increases	Est Tuition & GF Base Incr, Less Est Total Sal, Health & Utilities Incr [EXCLUDES Tuition RATE Incr]
BSC	472,425	1,582,957	1,059,599	3,114,981	4,015,574		302,241	4,317,815	1,202,834	98,000	**1,104,834**
DCB	83,115	303,633	266,731	653,478	(10,453)		130,141	119,688	(533,790)		**(533,790)**
LRSC	149,603	556,116	387,184	1,092,903	2,857,081		92,156	2,949,237	1,856,335		**1,856,335**
NDSCS	439,015	1,510,631	1,112,729	3,062,375	3,550,254		664,032	4,214,286	1,151,911		**1,151,911**
WSC	131,324	603,165	284,785	1,019,274	(519,108)		200,913	(318,195)	(1,337,469)	34,644	**(1,372,113)**
DSU	414,726	1,483,436	793,330	2,691,491	(1,068,842)		(1,303,662)	(2,372,504)	(5,063,995)		**(5,063,995)**
MaSU	167,114	575,544	486,571	1,229,229	643,518		148,381	791,899	(437,330)	188,005	**(625,335)**
MiSU	669,471	2,233,261	1,440,274	4,343,006	5,535,365	(2,500,000)	(1,980,000)	1,055,365	(3,287,641)	860,717	**(4,148,358)**
VCSU	259,001	911,249	700,076	1,870,326	1,266,020		140,896	1,406,916	(463,410)	50,796	**(514,206)**
NDSU	2,785,403	9,354,733	5,324,685	17,464,821	10,810,835		3,877,897	14,688,732	(2,776,089)	893,000	**(3,669,089)**
UND/Med**	3,679,203	12,613,601	6,277,008	22,569,813	12,563,795		3,221,002	15,784,797	(6,785,016)	6,933,088	**(13,718,104)**
	9,250,401	31,728,324	18,132,973	59,111,698	39,644,039	(2,500,000)	5,493,997	42,638,036	(16,473,662)	9,058,250	**(25,531,912)**
UND**	**2,889,211**	**9,457,548**	**5,248,432**	**17,595,191**			**383,136**			**6,933,088**	
SMHS**	**789,992**	**3,156,054**	**1,028,577**	**4,974,623**			**2,837,866**				

68,169,948

UND and SMHS		
Total	**State**	**Student**
24,528,279	**14,716,968**	**9,811,311**
4,974,623	**2,984,773**	**1,989,850**
29,502,902	**17,701,741**	**11,801,161**

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HB1003 House Appropriations Adopted Amendments, 02.20.15, #15.8111.01019

Formula Funding Increases, Cost to Continue and Est. Tuition Rate Increases

House Appropriations Version Impact - if no tuition increase					*If Tuition Increase*			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Formula	Cost to Continue			Student Share-Tuition		Student & Unfunded State Share-Tuition	
	GF Base Incr (Decr) per Funding Model & $2.5 M BASE reduction at MiSU	Net Balance Remaining after funding state share of cost to continue 1/	Student Share Only: Cost to Continue 2/	New State Funding Remaining After funding state and student share of cost to continue (Col. 2+3)	Annual Est. 15-17 Tuition Rate Increases - Student Share (to cover Col. 3 costs)	Net State Funding Remain if Stdnt. Share funded through tuition rate incr.	Annual Est. 15-17 Tuition Rate Increases - Unfunded State Share & Student Share (to cover Col. 3 + Col.2 shortfall)	Net State Funding Remain if Stdnt. Share & Unfunded State Share funded through tuition rate incr.
BSC	4,015,574	1,605,838	(803,245)	802,593	2.0	1,605,838	2.0	1,605,838
DCB	(10,453)	(500,562)	(163,370)	(663,931)	3.0	(500,562)	12.1	-
LRSC	2,857,081	2,037,404	(273,226)	1,764,178	2.1	2,037,404	2.1	2,037,404
NDSCS	3,550,254	1,253,473	(765,594)	487,879	3.2	1,253,473	3.2	1,253,473
WSC	(519,108)	(1,309,547)	(263,480)	(1,573,026)	4.7	(1,309,547)	28.0	-
DSU	(1,068,842)	(2,952,886)	(807,447)	(3,760,333)	4.3	(2,952,886)	19.8	-
MaSU	643,518	(348,547)	(425,170)	(773,716)	3.3	(348,547)	6.0	-
MiSU	3,035,364	(607,242)	(1,561,117)	(2,168,358)	4.1	(607,242)	5.7	-
VCSU	1,266,020	(78,765)	(576,337)	(655,102)	3.5	(78,765)	4.0	-
NDSU	10,810,835	(203,858)	(7,343,128)	(7,546,986)	2.6	(203,858)	2.6	-
UND/SMHS*	12,563,795	(5,137,946)	(11,801,160)	(16,939,106)	3.8 *UND*	(5,137,946)	5.8 *UND*	-
					3.9 *SOMHS*		4.3 *SOMHS*	
TOTAL	**37,144,038**	**(6,242,636)**	**(24,783,273)**	**(31,025,909)**		**(6,242,636)**		**4,896,715**

1/ Cost to Continue includes: continuation of FY15 salary increases + 15-17 employee salary (3/3%) and health insurance $1161.59/mo)increases + 15-17 est. utilities cost increases

2/	State Share	Student Share
UND/NDSU	60%	40%
Four-year	70%	30%
Two-year	75%	25%

Appropriation Status Report

For the Month Ending Feb 28, 2015

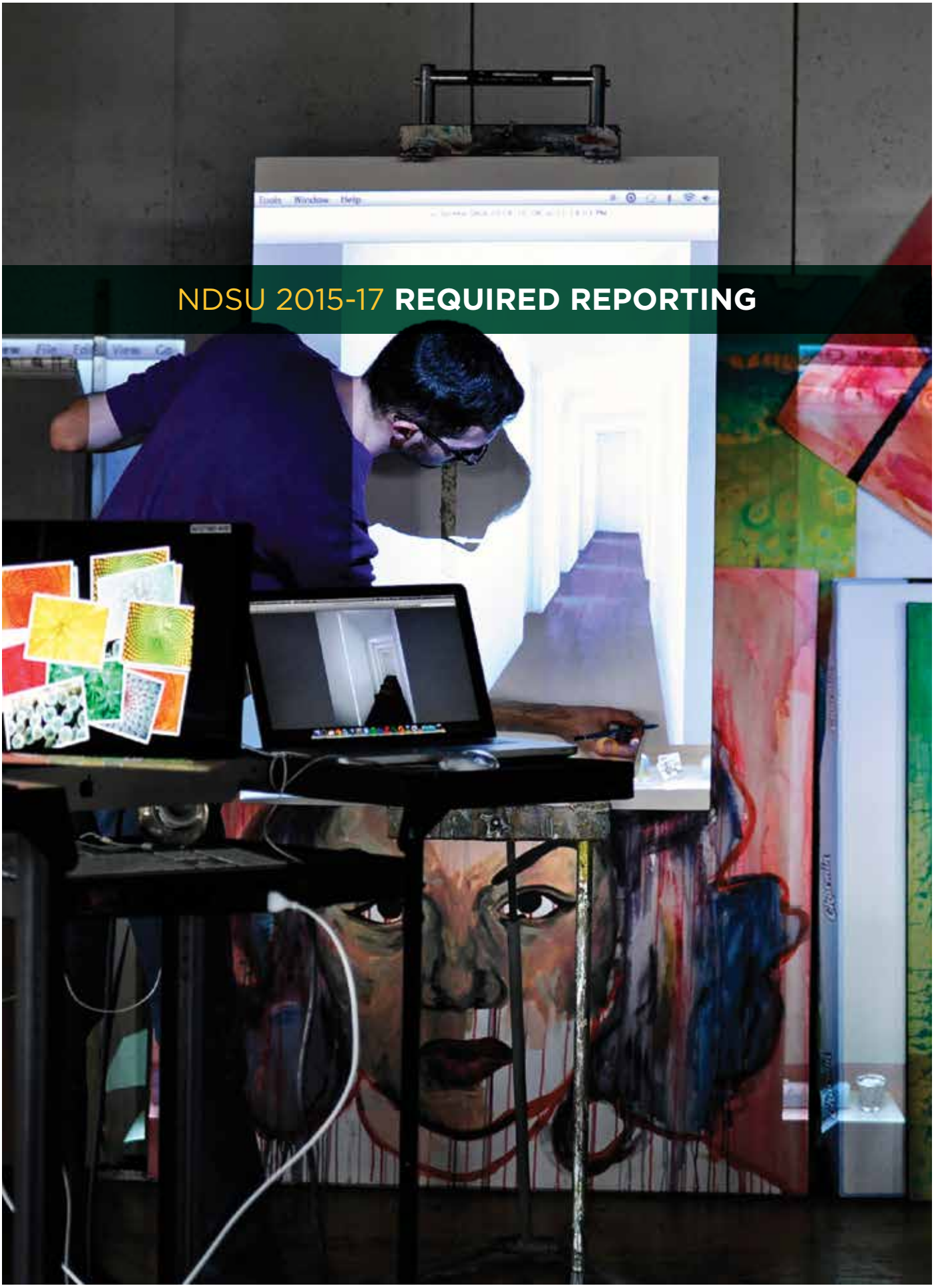
Percent of Biennium Remaining 17%

Run Date: Mar 14, 2015

4310AA

Business Unit: 23500 NDSU

	Original Appropriation	Current Appropriation	Expenditures	Remaining Appropriation	Encumbrances	% Remaining
Expenditures by Line Item						
23530 Operating Expenses	140,341,540.00	136,606,540.00	82,767,355.00	53,839,185.00		39%
23550 Capital Assets	70,671,600.00	38,315,656.00	8,859,257.35	29,456,398.65		77%
23551 Capital Assets-Carryover		1,918,517.97	1,691,957.60	226,560.37		12%
23552 Capital Improv-Off System		14,413,460.34		14,413,460.34		100%
23553 Cap Proj-Off System-Carryover		55,842,233.15		55,842,233.15		100%
Total Expendiutres	**211,013,140.00**	**247,096,407.46**	**93,318,569.95**	**153,777,837.51**		**62%**
Expenditures by Funding Source						
General Funds	171,193,784.00	176,840,713.97	93,318,569.95	83,522,144.02		47%
Federal Funds		4,270,000.00		4,270,000.00		100%
Special Funds	39,819,356.00	65,985,693.49		65,985,693.49		100%
Total Expenditures by Source	**211,013,140.00**	**247,096,407.46**	**93,318,569.95**	**153,777,837.51**		**62%**



NDSU 2015-17 **REQUIRED REPORTING**

REQUIRED REPORTING

AS REQUIRED PER SB2003 (63RD LEGISLATIVE ASSEMBLY):

- Section 2: One-time Funding
- Section 2: Deferred Maintenance Pool
- Section 19: Capital Project Carryover Status
- Section 5: Higher Education Challenge Fund-Quarterly Report as of December 31, 2014
- Section 31: Minard Hall Update-see separate section

SB2003-SECTION 2: ONE-TIME FUNDING	AUTHORIZATION						TOTAL EXPENDITURES AS OF 2/28/15	REMAINING AUTHORIZATION
MAJOR CAPITAL PROJECTS	**GF**	**OF**	**FED**	**CAPITAL CONTINGENCY POOL ALLOCATION**	**ADD'L AUTHORIZATION**	**TOTAL AUTHORIZATION**		
New Construction								
STEM Classroom Building	28,120,000			1,247,709		29,367,709	7,144,319	22,223,390
Add'l Authorization approved from capital contingency pool by SBHE June 2014								
Status: Construction underway, expected completion December 2015								
Remodeling								
Low Rise Renovation-Phase I		1,000,000				1,000,000	892,619	107,381
Status: Completed FY2014								
Low Rise Renovation-Phase II		1,030,000				1,030,000	899,191	130,809
Status: Completed FY2015								
Memorial Union Food Court		975,000				975,000	748,488	226,512
Status: Completed December 2013								
Nutrition, Dietetics & Hospitality Lab		750,000				750,000	728,223	21,777
HE Challenge Grant awarded; approved January 2014								
Status: Completed FY2015								
Sanford Health Athletic Complex		35,404,356			5,595,644	41,000,000	16,702,444	24,297,556
Reauthorization of 2007-09 project								
Additional Authorization approved SBHE Nov 2013/Budget Section Dec 2013								
Status: Construction underway, expected completion October 2016								
Center for Computationally Assisted Science & Technology			660,000		3,610,000	4,270,000	-	4,270,000
2013-15 Authorization: $660,000								
Additional Authorization approved SBHE Nov 2013/Budget Section Dec 2013								
Status: Not started								
TOTAL 2013-15 MAJOR CAPITAL PROJECTS ONE-TIME FUNDING	**28,120,000**	**39,159,356**	**660,000**	**1,247,709**	**9,205,644**	**78,392,709**	**27,115,284**	**51,277,425**

SB2003-SECTION 2: DEFERRED MAINTENANCE POOL

REPAIR CATEGORY:	ALLOCATION	TOTAL EXPENDITURES AS OF 2/28/15	REMAINING AUTHORIZATION
Utilities and Infrastructure	$750,000	678,352	71,648
-Water/sewer replacement			
Mechanical and Electrical Upgrades	1,730,703	154,491	1,576,212
-Heating plant boiler replacement			
NDSU DEFERRED MAINTENANCE POOL ALLOCATION TOTAL	**$2,480,703**	**$832,843**	**$1,647,860**

SB2003-SECTION 19: CAPITAL PROJECT CARRYOVER STATUS	Authorization					TOTAL EXPENDITURES AS OF 2/28/15	REMAINING AUTHORIZATION
2011-13	**GF**	**OF**	**FED**	**ADD'L AUTHORIZATION**	**TOTAL AUTHORIZATION**		
Extraordinary Repairs/Deferred Maintenance							
Ceres Hall roof: completed February 2014	679,442				679,442	573,748	105,694
Steamline replace-Hultz Hall: completed August 2013	10,220				10,220	10,220	-
Special Assessments 2011-13: paid 2014	1,682				1,682	1,682	-
Minard Hall	1,227,174	899,673			2,126,847	1,536,646	590,201
Status: See 'Minard Hall Status Update' separate tab section for a complete project status update							
Research 1		22,244,931			22,244,931	8,954,524	13,290,407
Status: Construction complete Sept 2014; Equipment and FFE complete Fall 2014							
Indoor Track Facility		256,110			256,110	245,951	10,159
Status: Completed April 2014							
Sanford Health Athletic Complex		32,441,519			32,441,519		
Status: See update included with major capital projects							
TOTAL 2013-15 CAPITAL PROJECT CARRYOVER STATUS	**1,918,518**	**55,842,233**	**-**		**57,760,751**	**11,322,771**	**13,996,461**

ND HIGHER EDUCATION CHALLENGE FUND QUARTERLY REPORT

NORTH DAKOTA UNIVERSITY SYSTEM

The purpose of the Quarterly Report is to inform members of the Higher Education Challenge Committee and other stakeholders, of the status, progress and use of the state funds appropriated from the Higher Education Challenge Fund. Specifically, the report is to provide an update on the amount of funds distributed, assurances that private sector funds pledged are collected as anticipated and provide an opportunity for institutions to report any modifications or accomplishments as a result of the funding.

Complete form for only those projects that have been approved by the Challenge Grant Review Committee. Form is due no later than 30 days after the quarter close

Date Submitted: January 9, 2015	Name of College or University: North Dakota State University	
Name of Contact: Ann Young	Daytime Telephone: 701-231-8356	Email Address: ann.young@ndsu.edu

Quarter (check applicable quarter)

- ☐ Quarter 1, Activity between January 1-March 31
- ☐ Quarter 2, Activity between April 1-June 30
- ☐ Quarter 3, Activity between July 1-September 30
- ☐ Quarter 4, Activity between October 1-December 31

			Private Funds Collected			Expenditures/Uses		
Name of Project	Date Project Approved by Challenge Grant Review Committee	State Challenge Funds Award Amount	Total Project Cash/Pledge Approved	Amt. Rec'd in Current Quarter	Total Rec'd to Date	Total Distributed/ Expensed in Current Quarter	Total Distributed/ Expensed to Date	Summary Description of Expenditures
Food Production Laboratory Equipment & Technology Endowment Fund	3/5/2014	$25,000.00	$37,984.65 / $12,015.35	$0.00	$50,240.15	$0.00	$0.00	
American Indian Public Health Resource Center	3/5/2014	$726,304.00	$1,452,607 / $0.00		$450,867.00	$169,296.90	$319,430.23	Salaries, Fringe, Travel, Supplies, Other Operating
Food Production Laboratory Complex	1/14/2014	$203,716.30	$334,819.52 / $72,613.05	$22,616.67	$371,432.91	$258,633.08	$611,148.87	Building Costs, Electrical Costs and Mechanical Costs
Performing Arts Endowment 2	5/9/2014	$122,725.61	$153,926.43/ $91,524.80	$10,297.65	$175,878.85	$0.00	$0.00	
Performing Arts Endowment (Challey)	5/9/2014	$1,000,000.00	$0.00 / $2,000,000.00	$0.00	$300,000.00	$0.00	$0.00	
Psychology Colloquium Series, Outside Speakers Fund	5/9/2014	$80,000.00	$160,000.00 / $0.00	$0.00	$160,000.00	$0.00	$0.00	
Gertrude Weigum Hinsz Lecture	5/9/2014	$25,000.00	$50,000.00 / $0.00	$0.00	$50,000.00	$0.00	$0.00	
University Mentoring Award	5/9/2014	$25,000.00	$50,000.00 / $0.00	$0.00	$50,000.00	$0.00	$0.00	
Hinsz Scholarship Program	5/9/2014	$30,000.00	$60,000.00 / $0.00	$0.00	$60,000.00	$0.00	$0.00	
NDSU Center for Risk & Trading 2 – Barry Foundation (1 & 2 & 3)	10/8/2014 11/17/2014 12/17/2014	$1,837,435.50	$474,500.00 / $3,194,935.50 / $5,435.50	$680,574.53	$680,574.53	$0.00	$0.00	Private Funds Collected Note: Cash/Pledges/Stock amounts are shown in the Total Project Cash/Pledge Approved column. This project is being reported for the first time. Some payments were received prior to Q4, but are included in Amt. Rec'd in Current Quarter.
Endowed Chair of Potato Pathology (1 & 2)	10/8/2014 11/17/2014 12/17/2014	$1,967,500.00	$215,000 / $3,720,000	$547,000.00	$547,000.00	$0.00	$0.00	Private Funds Collected Note: This project is being reported for the first time. Some payments were received prior to Q4, but are included in Amt. Rec'd in Current Quarter.

Harlyn Thompson Travel Scholarship Fund	10/8/2014	$50,000.00	$75,000 / $25,000	$100,000.00	$100,000.00	$0.00	$0.00	Private Funds Collected Note: This project is being reported for the first time. Some payments were received prior to Q4, but are included in Amt. Rec'd in Current Quarter.
Susan Ferguson Andrews Endowment Fund	12/17/2014	$36,599.79	$73,199.58 / $0	$73,199.58	$73,199.58	$0.00	$0.00	Private Funds Collected Note: This project is being reported for the first time. Some payments were received prior to Q4, but are included in Amt. Rec'd in Current Quarter.
Osher Reentry Scholarship Endowment	12/17/2014	$500,000.00	$1,000,000.00 / $0	$1,000,000.00	$1,000,000.00	$0.00	$0.00	Private Funds Collected Note: This project is being reported for the first time. The payment was received prior to Q4, but is included in Amt. Rec'd in Current Quarter.
Rase Family Scholarship Fund	12/17/2014	$28,031.06	$56,062.11 / $0	$56,062.11	$56,062.11	$0.00	$0.00	Private Funds Collected Note: This project is being reported for the first time. Some payments were received prior to Q4, but are included in Amt. Rec'd in Current Quarter.
Rachel K. Roen Memorial Scholarship Endowment Fund	12/17/2014	$41,000.00	$82,000.00 / $0	$82,000.00	$82,000.00	$0.00	$0.00	Private Funds Collected Note: This project is being reported for the first time. Some payments were received prior to Q4, but are included in Amt. Rec'd in Current Quarter.
John L. Rust Mechanical Engineering Fund	12/17/2014	$40,000.00	$10,000.00 / $70,000.00	$10,000.00	$10,000.00	$0.00	$0.00	Private Funds Collected Note: This project is being reported for the first time. Some payments were received prior to Q4, but are included in Amt. Rec'd in Current Quarter.
Dr. Josephine Bartow Ruud Scholarship Endowment Fund	12/17/2014	$37,500.00	$75,000.00 / $0	$75,000.00	$75,000.00	$0.00	$0.00	Private Funds Collected Note: This project is being reported for the first time. Some payments were received prior to Q4, but are included in Amt. Rec'd in Current Quarter.
Roger & Ruth Van Prooien Scholarship	12/17/2014	$111,166.39	$222,332.77 / $0	$222,332.77	$222,332.77	$0.00	$0.00	Private Funds Collected Note: This project is being reported for the first time. Some payments were received prior to Q4, but are included in Amt. Rec'd in Current Quarter.
Dr. E.P. & Lucy E. Wenz Endowment Fund	12/17/2014	$50,000.00	$100,000.00 / $0	$100,000.00	$100,000.00	$0.00	$0.00	Private Funds Collected Note: This project is being reported for the first time. Some payments were received prior to Q4, but are included in Amt. Rec'd in Current Quarter.
Lucy E. Wenz, RN, NDSU Class of '78 Scholarship Endowment Fund	12/17/2014	$25,000.00	$50,000.00 / $0	$50,000.00	$50,000.00	$0.00	$0.00	
Jay and Andy Alsop Family Athletics Scholarship Endowment	12/17/2014	$25,000.00	$0 / $50,000.00	$7,142.90	$7,142.90	$0.00	$0.00	
Larry & A.J. Dahlstrom Athletic Scholarship	12/17/2014	$25,000.00	$10,000.00 / $40,000.00	$10,000.00	$10,000.00	$0.00	$0.00	
Dr. Todd & Deborah DeBates Family Football Scholarship Endowment	12/17/2014	$25,000.00	$1,000.00 / $49,000.00	$8,142.90	$8,142.90	$0.00	$0.00	
Hulstrand Family Scholarship Endowment	12/17/2014	$25,000.00	$50,000.00 / $0	$50,000.00	$50,000.00	$0.00	$0.00	
Jim & Joyce Johnston Ag Scholarship Endowment	12/17/2014	$25,000.00	$50,000.00 / $0	$50,000.00	$50,000.00	$0.00	$0.00	
Jim & Joyce Johnston Math Scholarship Endowment	12/17/2014	$25,000.00	$50,000.00 / $0	$50,000.00	$50,000.00	$0.00	$0.00	
Ross Keller Business Scholarship Endowment	12/17/2014	$25,000.00	$7,142.90 / $42,857.10	$7,142.90	$7,142.90	$0.00	$0.00	
Moore Engineering Civil Engineering Scholarship Endowment	12/17/2014	$50,000.00	$0 / $100,000.00	$100,000.00	$100,000.00	$0.00	$0.00	
Don & Sue Morton Family Football Scholarship	12/17/2014	$25,000.00	$7,604.48 / $42,395.52	$13,977.83	$13,977.83	$0.00	$0.00	Private Funds Collected Note: This project is being reported for the first time. Some payments were received prior to Q4, but are included in Amt. Rec'd in Current Quarter.
James & Marlene Normark Trust Scholarship	12/17/2014	$30,000.00	$60,000.00 / $0	$60,000.00	$60,000.00	$0.00	$0.00	Private Funds Collected Note: This project is being reported for the first time. Some payments were received prior to Q4, but are

								included in Amt. Rec'd in Current Quarter.
Rear Admiral & Mrs. Fred Paavola MPH Scholarship Endowment	12/17/2014	$25,000.00	$20,000.00 / $30,000.00	$20,000.00	$20,000.00	$0.00	$0.00	Private Funds Collected Note: This project is being reported for the first time. Some payments were received prior to Q4, but are included in Amt. Rec'd in Current Quarter.
Leo & Shirley Richard Family Football Scholarship Endowment	12/17/2014	$25,000.00	$50.00 / $49,950.00	$50.00	$50.00	$0.00	$0.00	
STEM Scholarship Endowment	12/17/2014	$1,500,000.00	$0 / $3,000,000.00	$500,000.00	$500,000.00	$0.00	$0.00	
Ralph & Loanne Thrane Scholarship Endowment	12/17/2014	$25,000.00	$50,000.00 / $0	$50,000.00	$50,000.00	$0.00	$0.00	
Michael Vipond Athletics Scholarship Endowment	12/17/2014	$25,000.00	$14,285.70 / $35,714.30	$14,285.70	$14,285.70	$0.00	$0.00	
Volk Family Civil Engineering Scholarship Endowment	12/17/2014	$25,000.00	$0 / $50,000.00	$50,000.00	$50,000.00	$0.00	$0.00	
Cy Zweber Pharmacy Scholarship	12/17/2014	$25,000.00	$0 / $50,000.00	$50,000.00	$50,000.00	$0.00	$0.00	

Please provide any milestones, challenges or significant changes in campus fundraising or general operations due to the Challenge Fund. (Optional)

President's Signature: [signature]

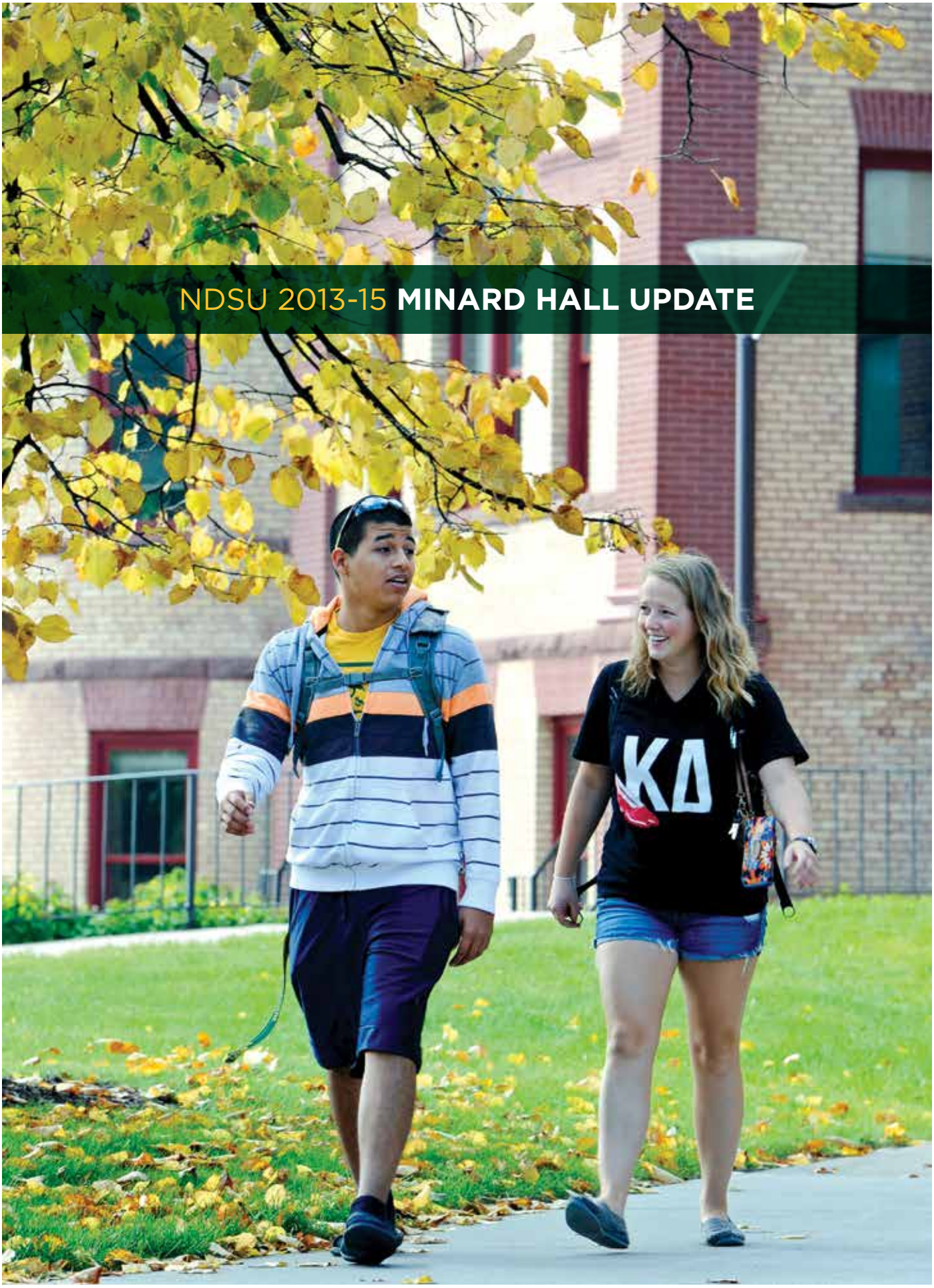
Date: 1-12-15

Please send to:

ND University System – Laura Glatt
600 East Boulevard Avenue, Dept. 215
Bismarck, ND 58505-0230
laura.glatt@ndus.edu

Office of the Governor – Kayla Effertz
600 East Boulevard Avenue, Dept. 101
Bismarck, ND 58505-0100
kmeffterz@nd.gov

NDSU 2013-15 **MINARD HALL UPDATE**



PROJECT STATUS UPDATE – MINARD HALL

FINANCIAL STATUS REPORT AS OF FEBRUARY 28, 2015:

	Authorization	Project Expenditures	Remaining Authorization
Phase I, II, III	$ 18,000,000	$ 17,879,134	$ 120,866
Collapse	$ 4,874,300	$ 4,404,965	$ 469,335
Total	$ 22,874,300	$ 22,284,099	$ 590,201

INCREASED AUTHORIZATION REQUEST:

Current Authorization:	$22,874,300
Increased Authorization:	$23,474,300 – increase of $600,000 Approved by the State Board of Higher Education on September 3, 2014.
Source of Funds:	Insurance proceeds, legal settlements, deficiency appropriations and other available funds
Narrative:	See memorandum dated 8-29-14 from Christopher Wilson and Dan Hull

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MEMORANDUM

To: Bruce Ballinger

From: Christopher W. Ison
Dan Hull

Re: Request for Increase to Minard Hall Project Authorization

Date: August 29, 2014

NDSU will likely need to increase its current state appropriated authorization on the Minard Hall project from $22,874,300 to $23,474,300. The increased authorization is needed because a contractor on the Minard Hall Project, Grant's Mechanical, Inc. ("GMI"), has made a claim for additional compensation.

After receiving GMI's claim, an initial determination was made by the project architect that GMI was entitled to an additional sum of $137,000. GMI rejected this sum and proceeded with contractually mandated mediation. During the mediation, the contractor demanded an additional sum of $450,000. The contractor's claim was not settled during mediation. A lawsuit has now been commenced against the State of North Dakota, the North Dakota Board of Higher Education and NDSU by the contractor. GMI did not specify its damages in the litigation, so NDSU utilized GMI's mediation demand as the basis for potential damages.

NDSU requests an additional authorization of $600,000 in order to cover a potential award in favor of the contractor and to pay for legal fees, expert fees and other costs associated with the ongoing litigation.

COST RECOVERY/LITIGATION STATUS AS OF DECEMBER 11, 2013:

- Two additional defendants have been added to the lawsuit against JLG Architects, Heyer Engineering and Northern Technologies, Inc. The new parties are Meinecke-Johnson (the project's general contractor) and Earth Developers (the project's excavating contractor). The new claims are based upon, among other things, defective means and methods allegedly used in the construction of the excavation.

- Written discovery is voluminous and took longer than anticipated, especially with the addition of two new defendants. Five depositions were taken in November, 2013 and additional depositions will be conducted. The trial in the lawsuit against the JLG and others is scheduled to commence on March 3, 2015. The Court has not yet set a trial date in the lawsuit against the State Fire and Tornado Fund.

- General Counsel Budget Section testimony next page

PROJECT STATUS AS OF DECEMBER 11, 2013:

- The Minard Hall project is substantially complete and as of the fall 2013 academic term is in full operation. Remaining punch list items are being reviewed and finalized. We continue to work with contractors on project closeout documents and remaining/outstanding payment requests; continued document review before final pay applications are approved.

- Collapse related costs continue to be incurred as a result of three items:
  1. Ongoing Legal fees;
  2. Contractors have requested additional costs be covered due to project delays;
  3. Replacement of furniture lost due to the collapse.

FINANCIAL STATUS REPORT AS OF OCTOBER 31, 2013:

			Commitments			
	Authorization	Project Expenditures	Construction Change Orders Approved/Potential	Other-Including Contigencies	Project Total with Commitments	Remaining Authorization
Phase I,II,III	$ 18,000,000	$16,989,678	$ 106,026	$ 904,296	$ 18,000,000	$ -
Collapse	4,874,300	4,030,516	221,666	622,118	4,874,300	-
Total	$ 22,874,300	$21,020,194	$ 327,692	$ 1,526,414	$ 22,874,300	$ -

General Counsel Testimony: Budget Section December 11, 2013

My name is Christopher Wilson, and I am the General Counsel of North Dakota State University. I am here today to update the Budget Committee on the University's on-going efforts to recover its damages, expenses and costs resulting from the collapse of Minard Hall.

As I have previously reported, attorney Daniel Hull with the law firm of Anderson, Bottrell, Sanden & Thompson in Fargo represent NDSU in its recovery efforts. Through Mr. Hull's efforts, NDSU has commenced two different lawsuits pertaining to the Minard collapse. Both lawsuits are venued in the State District Court in Fargo (East Central Judicial District).

In the first litigation, NDSU brought suit against the North Dakota State Fire and Tornado Fund which provides property insurance to NDSU. After the collapse, the Fund denied that there was coverage for the collapse. As a result, NDSU commenced a declaratory judgment action against the Fund. NDSU is requesting a judgment that the Fund's insurance policy covers damages sustained by NDSU as a result of the collapse.

In the second lawsuit, the plaintiff is the State of North Dakota, by and through NDSU and the North Dakota State Board of Higher Education. The initial defendants were JLG Architects, Heyer Engineering and Northern Technologies, Inc., which were the project's architectural firm, the structural engineering firm and the geotechnical engineering firm. The lawsuit alleged, among other things, that the defendants:

(1) Failed to obtain, require or recommend sufficient soil testing and evaluation to properly design a deep basement and the associated excavation adjacent to the north end of Minard Hall;

(2) Provided a defective design for the excavation adjacent to the north end of Minard Hall; and

(3) Failed to determine that the excavation was defective prior to the collapse and take steps to prevent the collapse.

Earlier this year, two additional defendants were added to the second lawsuit. They are Meinecke-Johnson, the project's general contractor, and Earth Developers, the project's excavating contractor. The new claims are based upon, among other things, defective means and methods allegedly used in the construction of the excavation.

In both lawsuits, written discovery and depositions are ongoing, including five depositions which were taken in November of 2013. The trial in the lawsuit against the JLG and others is scheduled to commence on March 3, 2015. The Court has not yet set a trial date in the lawsuit against the State Fire and Tornado Fund.

That concludes our prepared statements, and we would be happy to answer any questions that you may have. Thank you.

arc f/148/265/sbhe/c/wilson doc 12-4-13

PROJECT STATUS AS OF SEPTEMBER 24, 2013, SBHE MEETING:

- The Minard Hall project is substantially complete and is in full operation for the Fall 2013 academic term with remaining punch list items being reviewed and completed.

- The collapse-related costs continue to be realized as a result of three items:
  1. Legal fees continue to be incurred.
  2. Contractors have asked for delay-related expenses that are being reviewed.
  3. Replacement of furniture lost due to the collapse.

FINANCIAL STATUS REPORT AS OF AUGUST 31, 2013:

			COMMITMENTS			
	Authorization	Project Expenditures	Construction Change Orders Approved/Potential	Other – Including Contingencies		Remaining Authorization
Phase I, II, III	$18,000,000	$16,939,294	$131,361	$929,345	$18,000,000	-
Collapse	4,874,300	4,006,485	244,020	623,795	4,874,300	-
Total	$22,874,300	$20,945,779	$375,381	$1,553,140	$22,874,300	-

COST RECOVERY/LITIGATION STATUS AS OF SEPTEMBER 24, 2013:

- Two additional defendants have been added to the second lawsuit. They are Meinecke-Johnson, the project's general contractor, and Earth Developers, the project's excavating contractor. The new claims are based upon, among other things, defective means and methods allegedly used in the construction of the excavation.

- Written discovery is voluminous and has taken longer than anticipated, especially with the addition of two new defendants, but it is estimated that it will soon be complete and depositions will then begin. It is unknown when the trials will occur, but they would be at least one year away.

NDSU IS REQUESTING THAT THE SBHE CONSIDER AND PASS THE FOLLOWING MOTIONS AS OF SEPTEMBER 24, 2013:

First Motion: To amend the following underlined part of a motion previously approved by the SBHE on November 17, 2011, which currently reads:

> Authorize NDSU to proceed with completion of the Minard Hall at an estimated cost of $22,874,300 to be funded with $17,500,000 million in state general fund appropriation, $500,000 gift funds, and $4,874,300 from a 2011-13 deficiency appropriation.

with the following underlined language:

> Authorize NDSU to proceed with completion of the Minard Hall at an estimated cost of $22,874,300 to be funded with $17,500,000 million in state general fund appropriation, $500,000 gift funds, and $4,874,300 from a future deficiency appropriation.

Second Motion: To amend the following underlined part of a motion previously approved by the SBHE on November 17, 2011, which currently reads:

> Authorize NDSU to carry a deficit fund balance on the Minard Hall project as a temporary funding source after the original $18,000,000 of appropriated authority has been expended, until a state general fund deficiency appropriation for NDSU is authorized during the 2013 legislative session.

with the following underlined language:

> Authorize NDSU to carry a deficit fund balance on the Minard Hall project as a temporary funding source after the original $18,000,000 of appropriated authority has been expended, until a state general fund deficiency appropriation for NDSU is authorized during the 2015 or later legislative session.

MOTIONS PASSED AT SEPTEMBER 24, 2013 SBHE MEETING

MINARD HALL COLLAPSE COST RECOVERY/LITIGATION STATUS AS OF DECEMBER 31, 2012:

- NDSU retained the services of attorney Daniel Hull with the law firm of Anderson, Bottrell, Sanden & Thompson in Fargo to represent the University in its recovery efforts.
- Through Mr. Hull's efforts, NDSU has commenced two different lawsuits pertaining to the Minard collapse. Both lawsuits are venued in the State District Court in Fargo (East Central Judicial District).
- In the first litigation, NDSU brought suit against the North Dakota State Fire and Tornado Fund which provides property insurance to NDSU. After the collapse, the Fund denied that there was coverage for the collapse. As a result, NDSU commenced a declaratory judgment action against the Fund. NDSU is requesting a judgment that the Fund's insurance policy covers damages sustained by NDSU as a result of the collapse.
- In the second lawsuit, the plaintiff is the State of North Dakota, by and through NDSU and the North Dakota State Board of Higher Education. The defendants are JLG, Heyer Engineering and NTI, which are the architectural firm, the structural engineering firm and the geotechnical engineering firm involved in the Minard Hall project. The lawsuit alleges, among other things, that the defendants:
  (1) failed to obtain, require or recommend sufficient soil testing and evaluation to properly design a deep basement and the associated excavation adjacent to the north end of Minard Hall;
  (2) provided a defective design for the excavation adjacent to the north end of Minard Hall; and
  (3) failed to determine that the excavation was defective prior to the collapse and take steps to prevent the collapse.
- In accordance with the construction contract, claims also have been initiated against the project's general contractor, Meinecke-Johnson. The claims are based upon, among other things, defective means and methods allegedly used in the construction of the excavation.
- Written discovery is voluminous and has taken longer than anticipated, but it is estimated that it will soon be complete and depositions will then begin. It is unknown when the trials will occur, but they would be at least one year away.

FINANCIAL STATUS REPORT AS OF DECEMBER 31, 2012:

COMMITMENTS

	Authorization	Project Expenditures	Construction Change Orders Approved/Potential	Other – Including Contingencies		Remaining Authorization
Phase I, II, III	$18,000,000	$14,899,879	$2,462,018	$638,103	$18,000,000	-
Collapse	4,874,300	2,880,503	588,124	1,405,673	4,874,300	-
Total	$22,874,300	$17,780,382	$3,050,142	2,043,776	$22,874,300	-

AUGUST 31, 2012: 1901 (SOUTH) BUILDING SECTION RENOVATION:

Estimated completion date: Mid-to-late spring 2013

- Asbestos abatement process (referenced in this summary) began the first of September and was completed the first week of November 2011
- Project scope was complex with demolishing much of the interior, building new structural framing system to support attic office space and new roof, creating more efficient space
- Structural voids and lack of structural integrity discovered once framing of bearing walls was exposed; resulted in additional design time, pricing time, material costs, wall reframing, and project completion time
- Poor masonry bearing wall conditions were uncovered:
  - > Masonry wall at NW portion of 4th floor found to be in poor condition; required complete removal down to third floor level; testing currently under way to verify compressive strength and physical characteristics of remaining masonry to ensure ability to support new roof loads; could delay completion of 1901 section, but impact won't be known until final test results are received
  - > Poor 4th floor bearing wall between 1901 and 1918 sections (masonry intermixed with wood) required removal and rebuilding/infilling of the wall
  - > Openings cut through bearing masonry walls had no or very inadequate lintels requiring new masonry infill or installation of new lintels to carry load above opening
- Issues required numerous job site trips by structural engineer and architect to re-engineer/redesign modifications to existing structural system
- Renovation work on section estimated to be completed mid-to-late spring 2013, depending on testing results stated previously

1901 (south) building section: mortar issues in the brick masonry

1918 (CENTER) BUILDING SECTION RENOVATION

Estimated completion date: December 2012

- Work progressing on schedule for December 2012 completion date; however, some systems and components are tied to 1901 section, so full utilization may not be realized until 1901 area is completed

NORTH ADDITION

Estimated Completion Date: December 2012

- Footings and foundation walls were completed in October 2011
- Steel frame installations also began at that time
- Sheet rocking is progressing, windows are installed, brick exterior is approximately 30% completed, and most infrastructure items are installed
- Substantial completion of the project is expected in December 2012

1929 (NORTH) BUILDING AND COLLAPSED AREA RENOVATION

Estimated completion date: December 2012

- Portion of the 1929 section was completed in 2011 and occupied for fall 2011; remaining portion and also collapsed area following north addition schedule, being completed at same time

1929 (north) building section: classroom currently in use; renovated in 2011

FINANCIAL STATUS REPORT AS OF AUGUST 31, 2012

COMMITMENTS

	Authorization	Project Expenditures	Construction Change Orders Approved/Potential	Other – Including Contingencies	Total	Remaining Authorization
Phase I, II, III	$18,000,000	$13,266,150	$1,674,331	$3,059,519	$18,000,000	-
Collapse	4,874,300	2,629,280	1,150,461	1,094,559	4,874,300	-
Total	$22,874,300	$15,895,430	$3,050,142	$4,154,078	$22,874,300	-

COST RECOVERY / LITIGATION STATUS:

NDSU is actively seeking to recover its damages, expenses and costs resulting from the collapse of Minard Hall. Two civil lawsuits have been commenced. Both lawsuits are venued in the State District Court in Fargo (East Central Judicial District). A forensic study has occurred involving all of the parties. Discovery, including the production of voluminous documents, is ongoing.

In the first litigation, NDSU brought suit against the ND State Fire and Tornado Fund which provides property insurance to NDSU. After the collapse of Minard Hall, the fund denied there was coverage for the collapse. As a result, NDSU commenced a declaratory judgment action against the fund. NDSU is requesting a judgment that the fund's insurance policy covers damages sustained by NDSU as a result of the collapse.

In the second lawsuit, the plaintiff is the State of North Dakota, by and through NDSU and SBHE. The defendants are JLG, Heyer Engineering and 3 NTI, which are the architectural firm, the structural engineering firm, and the geotechnical engineering firm involved in the Minard Hall project. In this lawsuit, the State of North Dakota is seeking to recover damages sustained as a result of the collapse of Minard Hall and as a result of the redesign of the north addition to Minard Hall. The lawsuit alleges, among other things, that the defendants: (1) failed to obtain, require or recommend sufficient soil testing and evaluation to properly design a deep basement and the associated excavation adjacent to the north end of Minard Hall, (2) provided a defective design for the excavation adjacent to the north end of Minard Hall, and (3) failed to determine that the excavation was defective prior to the collapse and take steps to prevent the collapse.

It is estimated that written discovery will be completed within approximately two months. Depositions will then begin. At this point, it is unknown when the trials will occur, but they would be at least one year away.

DECEMBER 13, 2011:

NDSU presented a request to the Budget Section for approval to increase the project authorization of the Minard Hall project by $4,874,300 from $18,000,000 to $22,874,300 under Section 48-01.2-25, and to authorize under Section 15-10-12.3 the additional funding from insurance proceeds, legal settlements, and other available funds. The following motion carried on a roll call vote:

- To approve the NDSU request to increase the project authorization of the Minard Hall project by $4,874,300 from $18,000,000 to $22,874,300 under Section 48-01.2-25, and to authorize under Section 15-10-12.3 the additional funding from insurance proceeds, legal settlements, and other available funds.

NOVEMBER 17, 2011: (MOTIONS PASSED AT THE NOVEMBER 17, 2011, SBHE MEETING)

NDSU presented a brief update on the Minard Hall construction to the SBHE. The following motions were approved by the SBHE:

1. To proceed with completion of the Minard Hall at an estimated cost of $22,874,300 to be funded with $17,500,000 million in state general fund appropriation, $500,000 gift funds, and $4,874,300 future 2011-13 deficiency appropriation.

2. To seek Budget Section approval for increased spending authorization for Minard Hall from $18,000,000 to $22,874,300, an increase of $4,874,300, with the intent that up to this amount (less any recovered from insurance or legal action) be ultimately funded by a state general fund deficiency appropriation per NDCC 48-01.2-25.

3. To carry a deficit fund balance on the Minard Hall project as a temporary funding source after the original $18,000,000 of appropriated authority has been expended, until a state general fund deficiency appropriation for NDSU is authorized during the 2013 legislative session.

4. To take any necessary action, including litigation, to seek recovery of damages, expenses, and costs resulting from the collapse of Minard Hall, with any recovery being used to offset the ongoing costs of the Minard Hall project or, if the project is complete at the time of any recovery, to reimburse the State of North Dakota for the costs of the project to the extent that recovery dollars are available, following consultation with the chancellor.

NOVEMBER 9, 2011:

The Budget, Audit and Finance Committee held an executive session regarding Minard Hall and was satisfied with the progress of litigation.

SEPTEMBER 30, 2011: OVERVIEW AND PROJECT STATUS SUMMARY PRESENTED TO SBHE

Minard Hall is the largest academic facility located in the historical district on NDSU's campus.

The following departments have classrooms and offices in Minard Hall: Psychology, mathematics, communication, English, modern languages, history, philosophy, religion, sociology, anthropology, emergency management, English as a second language.

Minard Hall was built in three sections: 1901-south, 1918-center, 1929-north. Academic departments located in the 1929-north section were relocated to other areas across campus due to the collapse. However, academic departments located in the 1901-south section have remained during the renovation/construction process.

The $18,000,000 Minard Hall authorized renovation and addition project scope consists of roof and window replacements, utility and infrastructure (steam, water, and sewer) work and relocation, asbestos abatement, interior redesign/remodeling, new space allocation, new west and north additions, and architect/engineering fees. Additionally, the project includes replacement of the HVAC system, general construction, and electrical work to complete the project. As of December 27, 2009, the project scope also includes the collapsed north wall repair.

Authorized funding for the project is $18,000,000: $17,500,000 general funds and $500,000 special/local funds.

Project scope includes the following square footage:
- Renovation of existing sections – 72,141
- Additions west and north – 30,755
- Collapse – 6,965 of existing section north wall

Consultants and contractors on the project:
- Consultants
  - JLG (architect – lead of project)
  - NTI (geotechnical)
  - Martin Mech (mechanical)
  - Heyer (structural)
  - Land elements (landscape)
  - MBN (electrical)
- Contractors
  - Grants Mechanical (mech)
  - Meinecke-Johnson (gen)
  - Bergstrom Elec (elec)
  - Veit (shoring)
  - Earth developers (sub)

Minard Hall experienced an unprecedented partial collapse of the north wall in the early morning hours of December 27, 2009. The building had been partially occupied during construction activities for the renovation; however, the building was unoccupied at the time of the collapse due to the Christmas holiday break. All construction was halted so that project activities could focus on preventing any further collapse, settling or additional failure to the building. Utility connections, temporary heat, air handling and electricity was re-established; a security company was hired to prevent unauthorized access to unsafe areas and to prevent theft; and a moving company was hired to help relocate faculty, offices and classrooms from Minard to other areas on campus because NDSU was not staffed to handle this activity.

During the same time period, the decision was made not to salvage the collapsed area building materials because of safety concerns. Demolition of this area could not take place unless shoring systems were designed and installed to prevent any further collapse. Access to faculty offices and classroom space in the collapsed area also needed to be addressed while the remainder of the building was evaluated for safety concerns. The challenge continued as the north end of the building became contaminated with asbestos material requiring specialized cleaning and removal.

Further testing and evaluations, demolition of the collapsed area, stabilization of the building, and shoring of the roofs and flooring were continued during the next four to five months. Construction activities continued on the main project, and the west addition progressed slowly because many of the resources were being focused on the collapsed area. While this work was occurring, plans were being developed to determine the cause of the collapse. All parties (contractors and sub-contractors) were given the opportunity to participate in the proposed forensic study. This allowed all parties an opportunity to review the same data and make field observations. All parties participating in the proposed forensic study hired experts to determine the testing needed to determine the footing failure. In order for the review to occur, the collapsed portion of the building, excluding the footings and foundation, needed to be removed. During this removal, asbestos contaminated soils were discovered below the original building area that was collapsed. This area needed to be properly contained and removed before the last floor section could be removed.

Initial forensic testing was completed during July 12-15, 2010. Once completed, the second and final portion of the testing was to excavate the footing area and remove the failed material. All parties agreed an action plan should be developed to ensure soil conditions could handle excavating down to the footing level to expose the soils. Parties did not agree upon a plan until October 2010, and November 8 was set for the start of the deep excavation. No work could continue on the north addition or the collapsed area until this forensic testing was completed.

The original renovation project continued during this time. Temporary air conditioning was installed in classrooms during the summer of 2010 as the building was occupied while the renovation work was under way. Some soil data became available in October 2010, and concerns surfaced about a footing system for the collapsed area, along with concerns regarding the soil conditions at the north addition site. The project architect presented multiple recommendations for proceeding with the north addition and replacement of the collapsed area. Concerns surfaced at this time about continuing with a basement plan for the addition, so budget pricing was solicited on available options for proceeding. At this point, NDSU had a recommendation regarding how to move forward with the project, but needed guidance and approval from the SBHE.

At the December 16, 2010, SBHE meeting, NDSU was given approval for the following five items:

1. To expand the original scope of the project and timeline to include a redesign of the collapsed portion of building
2. To redesign the Minard Hall north addition to relocate the mechanical space, which will need to be relocated from a planned basement space, which is no longer feasible due to soil conditions
3. To allow collapse-related expenses to be funded from general funds currently available for the project
4. To administratively combine the three building phases into one project for management purposes
5. To authorize NDSU to seek appropriate legislative authorization and funding to complete the project in the most appropriate manner.

After obtaining the SBHE approval, the architects and consultants were directed to proceed with redesigning the north addition, removing the basement mechanical room and relocating that equipment to a 5th floor or penthouse. A revised design was completed for the north addition in mid-February 2011. The plan was approved and proposal requests were sent out to the contractors for pricing. At the same time, proposals were modified slightly for the collapsed area in order to tie in all connections and utilities to the revised plan. Proper documentation and supporting information for the pricing were received and approved change orders were created in April and May of 2011. Priorities at this time were to remove the loose sand fill in the basement area and to fill it in with a compacted engineered fill. Once this was completed, the collapsed structure and north addition footings could be started. Locations logistics for the building occupants have been an ongoing consideration and concern. (To date, permanent locations are not available.) Therefore, the impetus was to complete the west addition and part of the 1918 and the 1929 construction zones so space would be available for the fall 2011 academic semester. Temporary life/safety systems, air conditioning and heating would need to be installed due to the 5th floor mechanical equipment not being installed until sometime in 2012. Due to a tight project timeline and because of space limitations, a moving company was hired to relocate the departments and to store any materials that were not necessary during the next 12 months. This task was completed in August 2011.

With the 1901 building and the remaining 1918 building now vacated, the next milestone was to remove the remaining known asbestos in these areas. This process began the first of September and will not be completed until the first week of November 2011. The work is being done by floor so that the other contractors can follow behind and complete the needed demolition.
The north addition footings and foundation walls were completed in October 2011 and steel frame installations are currently under way. Substantial completion of the project is expected December 2012.

FINANCIAL STATUS REPORT AS OF SEPTEMBER 30, 2011

	Biennium	Local Match	State General Funds	
Legislative/appropriation authoriaztion				
Phase I and II	2007-09	$500,000	$4,500,000	$5,000,000
Phase III	2009-11		$13,000,000	$13,000,00
		Total legislative authorization		$18,000,000
Expenditures as of 9/30/2011				**($12,507,864)**
		Remaining legislative authorization		$5,492,136
Outstanding construction commitments and contingencies as of 9/30/2011				
Construction Commitments				$8,753,819
Contingencies:				
Construction				$1,112,617
Legal				$500,000
Total outstanding commitments and contingencies				$10,366,436
Increased amount of Legislative spending authorization requested by NDSU due to collapse				$4,874,300

	Construction	Collapse	Total
Expenditures	$10,609,197	$1,898,667	$12,507,864
Commitments	7,048,186	1,705,633	$8,753,819
Contingencies:			
Construction	342,617	770,000	$1,112,617
Legal	-	500,000	$500,000
	$18,000,000	$4,874,300	$22,874,300

2011-13 HB1003, SECTION 8.
NORTH DAKOTA STATE UNIVERSITY-MINARD HALL-BUDGET SECTION REPORT:

North Dakota State University may use unspent funding from the $5,000,000 appropriation received during the biennium beginning July 1, 2007, and ending June 30, 2009, and unspent funding from the $13,000,000 appropriation, received during the biennium beginning July 1, 2009, and ending June 30, 2011, for the Minard Hall project, for the biennium beginning July 1, 2011, and ending June 30, 2013. North Dakota State University shall report to the budget section regarding the status of the Minard Hall project and may request increased spending authorization from the budget section for the project.

NDSU IS REQUESTING THAT THE SBHE PASS THE FOLLOWING MOTIONS:

(motions passed at the November 17, 2011, SBHE meeting)

1. Authorize NDSU to proceed with completion of the Minard Hall at an estimated cost of $22,874,300 to be funded with $17,500,000 million in state general fund appropriation, $500,000 gift funds, and $4,874,300 future 2011-13 deficiency appropriation.

2. Grant NDSU authority to seek Budget Section approval for increased spending authorization for Minard Hall from $18,000,000 to $22,874,300, an increase of $4,874,300, with the intent that up to this amount (less any recovered from insurance or legal action) be ultimately funded by a state general fund deficiency appropriation per NDCC 48-01.2-25.

3. Authorize NDSU to carry a deficit fund balance on the Minard Hall project as a temporary funding source after the original $18,000,000 of appropriated authority has been expended, until a state general fund deficiency appropriation for NDSU is authorized during the 2013 legislative session.

4. Authorize NDSU to take any necessary action, including litigation, to seek recovery of damages, expenses, and costs resulting from the collapse of Minard Hall, with any recovery being used to offset the ongoing costs of the Minard Hall project or, if the project is complete at the time of any recovery, to reimburse the State of North Dakota for the costs of the project to the extent that recovery dollars are available, following consultation with the chancellor.

APPENDIX – MINARD HALL

BUDGET SECTION MINUTES

UNIVERSITY SYSTEM CAPITAL PROJECTS CONTINGENCY POOL

Mr. Rick Tonder, Director of Facilities Planning, North Dakota University System, presented information (Appendix K) regarding funds distributed from the capital projects contingency pool pursuant to Section 24 of 2013 Senate Bill No. 2003. He said the 2013 Legislative Assembly provided $5,483,413 for the capital projects contingency pool. He said the University System allocated $858,984 for a campus drive project at Williston State College ($90,000), a Stevens Hall renovation project at Williston State College ($517,551), and an Erlandson remodel and expansion project at Lake Region State College ($251,433). He said there is $4,624,429 remaining in the capital projects contingency pool for future allocations.

NORTH DAKOTA STATE UNIVERSITY MINARD HALL PROJECT

Mr. Michael Ellingson, Director of Facilities Management, North Dakota State University, presented information (Appendix L) regarding the status of the Minard Hall project at North Dakota State University (NDSU) pursuant to Section 22 of 2013 Senate Bill No. 2003. He said construction of Minard Hall is substantially complete, and the building was fully occupied for the fall 2013 semester.

Mr. Christopher Wilson, General Counsel, North Dakota University System, presented information (Appendix M) regarding the legal proceedings related to the Minard Hall project. He said the law firm Anderson, Bottrell, Sanden, and Thompson is representing NDSU in two separate litigation proceedings. He said NDSU brought suit against the state fire and tornado fund, which provides property insurance for NDSU. He said NDSU has also brought suit against selected project contractors. He said written discovery and depositions are ongoing for both lawsuits. He said a trial date has not yet been set for the lawsuit against the state fire and tornado fund. He said the trial date for the lawsuit against the project contractors will be in March 2015.

In response to a question from Representative Brandenburg, Mr. Ellingson said approximately $4.8 million of the $22.9 million total project cost is associated with the collapse of Minard Hall.

UNIVERSITY SYSTEM - CHANGES TO CAPITAL PROJECTS

North Dakota State University

Sanford Health Athletic Complex Project

Mr. Ellingson presented information (Appendix N) regarding a request for Budget Section approval to increase spending authority related to the Sanford Health Athletic Complex project. He said the request is the result of actual bids exceeding the project estimates. He said the scope of the project has not changed.

In response to a question from Representative Streyle regarding leaseback agreements, Mr. Bruce Bollinger, Vice President of Finance and Administration, North Dakota State University, said the Sanford Health Athletic Complex does not include any leaseback agreements. Mr. Bollinger said he would provide information regarding the terms of a leaseback agreement between NDSU and the NDSU Development Foundation related to Richard H. Barry Hall.

In response to a question from Representative Delzer, Mr. Bollinger said maintenance of the Sanford Athletic Health Complex will be paid from local funds at NDSU and not state funds.

It was moved by Senator Grindberg, seconded by Senator Klein, and carried on a roll call vote that the Budget Section approve the North Dakota State University request pursuant to Section 15-10-12.1 to increase spending authority from private donations by $5,595,644, from $35,404,356 to $41,000,000, related to the Sanford Athletic Health Complex project. Representatives Pollert, Boe, Brandenburg, Delzer, Devlin, Dosch, Guggisberg, Holman, Kempenich, Kreidt, Martinson, Mock, Nelson, Onstad, Sanford, Streyle, Thoreson, Vigesaa, Wieland, and Williams and Senators Bowman, Carlisle, Erbele, Grindberg, Heckaman, Holmberg, Kilzer, Klein, Krebsbach, Lee, Mathern, Robinson, Schneider, Wanzek, and Wardner voted "aye." No negative votes were cast.

Center for Computationally Assisted Science and Technology Project

Dr. Philip Boudjouk, Professor of Chemistry, North Dakota State University, presented information (Appendix O) regarding a request for Budget Section approval to increase spending authority and to increase the scope of the Center for Computationally Assisted Science and Technology project.

In response to a question from Representative Delzer, Dr. Boudjouk said the increase includes the purchase of computer hardware, cooling systems, and electrical transformers. He said the equipment is needed to comply with the requirements of an additional federal grant.

Christmann, Erbele, Holmberg, Kilzer, Krebsbach, O'Connell, Robinson, Schneider, Taylor, Wanzek, Wardner, and Warner and Representatives Carlson, Dahl, Dosch, Drovdal, Kelsh, Kempenich, Kreidt, Kroeber, Martinson, Metcalf, Monson, Nelson, Pollert, Vigesaa, Wieland, and Williams voted "aye." Representatives Bellew, Brandenburg, Delzer, and Klein voted "nay."

North Dakota State University - Batcheller Building - Center for Biopharmaceutical Research and Production Centers of Excellence Program

Mr. Bruce Bollinger, Vice President for Finance and Administration, North Dakota State University, Fargo, presented a request for Budget Section approval under Section 15-10-12.1 of project authorization of $1.75 million from the Center for Biopharmaceutical Research and Production centers of excellence program required cash match for the Batcheller Building first floor construction project in the Research and Technology Park. Dr. Satish Chandran, Director, Center for Biopharmaceutical Research and Production, North Dakota State University, Fargo, was also present.

In response to a question from Representative Carlson, Mr. Bollinger said a $2 million grant from the Greater Fargo Moorhead Economic Development Corporation is contingent upon Budget Section approval of the request.

It was moved by Representative Carlson, seconded by Senator Schneider, and carried on a roll call vote that the Budget Section approve under Section 15-10-12.1 project authorization of $1.75 million from the Center for Biopharmaceutical Research and Production centers of excellence program required cash match for the Batcheller Building first floor construction project in the Research and Technology Park. Senators Grindberg, Bowman, Christmann, Erbele, Holmberg, Kilzer, Krebsbach, O'Connell, Robinson, Schneider, Taylor, Wanzek, Wardner, and Warner and Representatives Carlson, Dahl, Dosch, Kelsh, Kreidt, Kroeber, Martinson, Metcalf, Nelson, Thoreson, Vigesaa, Wieland, and Williams voted "aye." Representatives Bellew, Brandenburg, Delzer, Drovdal, Kempenich, Monson, and Pollert voted "nay."

North Dakota State University - Minard Hall

Mr. Bollinger presented a request for Budget Section approval to increase the project authorization of the Minard Hall project by $4,874,300 from $18,000,000 to $22,874,300 under Section 48-01.2-25 and to authorize under Section 15-10-12.3 the additional funding from insurance proceeds, legal settlements, and other available funds. Mr. Michael Ellingson, Facilities Management Director, North Dakota State University, Fargo, and Mr. Dan Hull, attorney, Anderson, Bottrell, Sanden & Thompson Law Firm representing North Dakota State University (NDSU) in legal action regarding Minard Hall were also present. Mr. Bollinger said NDSU has pursued a lawsuit against its insurance carrier seeking payment for insured damages estimated at $4.8 million. He said any settlement amount will be used for the additional costs relating to the project.

In response to a question from Representative Carlson, Mr. Hull said the scope of the project is not increasing. He said the increased project authorization is for the additional costs resulting from damages incurred due to the Minard Hall collapse.

In response to a question from Representative Delzer, Mr. Ellingson said $4.8 million is the estimate of the additional costs. He said all expenditures related to the Minard Hall collapse are being separately recorded and verified by legal counsel.

In response to a question from Senator Bowman, Mr. Bollinger said if legal settlement proceeds are less than the estimated $4.8 million of additional costs, NDSU would seek direction from the State Board of Higher Education for options to pay for the costs incurred, including the possible request for a deficiency appropriation from the Legislative Assembly in 2013.

Senator Christmann asked whether NDSU is also seeking cost recovery from the contractor responsible for causing the damages. Mr. Hull said cost recoveries are being sought from all parties involved but is unable to provide details since the case is currently in progress.

It was moved by Senator Krebsbach, seconded by Senator Taylor, and carried on a roll call vote that the Budget Section approve the NDSU request to increase the project authorization of the Minard Hall project by $4,874,300 from $18,000,000 to $22,874,300 under Section 48-01.2-25 and to authorize under Section 15-10-12.3 the additional funding from insurance proceeds, legal settlements, and other available funds. Senators Grindberg, Erbele, Holmberg, Krebsbach, O'Connell, Robinson, Schneider, Taylor, Wardner, and Warner and Representatives Carlson, Dahl, Dosch, Drovdal, Kelsh, Kempenich, Klein, Kroeber, Martinson, Metcalf, Monson, Nelson, Pollert, Thoreson, Vigesaa, Wieland, and Williams voted "aye." Senators Bowman, Christmann, Kilzer, and Wanzek and Representatives Bellew, Brandenburg, Delzer, and Kreidt voted "nay."

Mayville State University - Science-Library Complex

Mr. Steven Bensen, Vice President for Business Affairs, Mayville State University, Mayville, presented a request for Budget Section approval under Section 48-01.2-25 to increase the science-library complex project authorization by $95,000 from $5,138,328 to $5,233,328 for additional project improvements that are either complete or partially complete and under Section 15-10-12.3 to use institutional collection reserves ($50,000), library local funds ($25,000), and

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