

North Dakota University System

Mid- Year Budget Status Report to the SBHE Budget and Finance Committee

For FY22 – Period Ending December 31, 2021

Policy 302.3

Campuses are required to report to the State Board of Higher Education Budget and Finance Committee on a mid-year basis, in December anytime one or more of the conditions noted below exist. If none of these conditions exists, campuses are not required to submit a report, but must notify the NDUS Office that none of these conditions exist.

1. Report a variance of (+/-) 5 percent or more is expected from original ANNUAL budget net tuition revenue estimates. Provide description of variance below – Report \$ and % amount of variance and # of students – Will variance continue Y/N? If yes, will variance continue into next fiscal year?

- BSC** -\$1,324,660/-8.2% Tuition revenue decrease due to lower enrollment. BSC has implemented strategies, including new programs and certificate development to address declining enrollment.
- DCB** +\$155,991/+6% Tuition revenue increased due to aggressive marketing, increased funding spent on recruiting, and conservative tuition.
- LRSC** -\$693,000/-14% Tuition revenue decreased due to lower enrollment as a result of COVID. LRSC has a team meeting to explore ways to increase enrollment in the upcoming year.
- UND** \$5,720,067/+5.2% Tuition revenue increased due to program growth in John D. Odegard School of Aerospace Sciences and new online counseling program.
- WSC** -\$252,535/-5.95% Tuition revenue decrease due to lower enrollment as a result of COVID. We have hired 2 new recruiters to try and increase enrollment.

2. Report a variance of (+/-) 5 percent or more is expected from original annual budget revenue estimates for total auxiliaries. Provide description of variance below. Report \$ and % amount of variance. Report variance of 5% (+/-) in resident hall occupancy rates (fall to fall) over the previous year that is expected and/or realized.

- BSC** -\$719,575/-13.3% Auxiliary revenue variance due to decreased dining services and housing occupancy. BSC has implemented strategies, including new programs and certificate development to address declining enrollment.
- DSU** +199,544/+17% Auxiliary revenue variance due to increased due to higher campus housing and meal plan utilization.
+18% Occupancy increases due to students returning to campus housing.
- MiSU** +\$662,000/+18.0% Auxiliary revenue variance due to lowered board contract rates, which attracted additional students.

- UND** +\$553,848/+7% Auxiliaries revenue variance due to increased student retention, including new student admissions.
+8% Occupancy increases due to increased returning students and increase new admissions.
- DCB** +9% Occupancy increased due to recovery from prior lost occupancy due to COVID.
- NDSU** +5.2% Occupancy increases due to recovery from Fall 2020 decrease as a result of COVID and increase in Fall 2021 freshman enrollment.

3. Report a net position or fund variance deficit balance of \$100,000 or more (all campuses, except UND and NDSU) and \$250,000 or more at UND/NDSU that will be reportable at fiscal year-end. Provide description of deficit, explain the reason it happened and the expected timeframe and plan for elimination of the deficit. Is deficit tracking according to plan.

- UND** **Debt Repayment & Legal Costs (EERC):** -\$1,412,225; The EERC has a budget plan in place that includes a six-year deficit reduction payment plan that started in FY19. The six-year deficit reduction plan includes paying down both the legal costs and the debt.
- Athletics – Men’s Golf:** -\$304,750; UND Fore Golf competitive sport team of the Athletics Department is budgeted to be funded by donations. Currently the Alumni Office is actively fundraising to support the UND Fore Golf program. As of 12/31/2021, sufficient operating funds have not been raised to support team operations

4. Annual bond reserve requirements.

All campuses will meet bond reserve requirements.

5. If campus is a party to a legal action, provide the following for each:

- a. **Brief summary statement of the nature of the claim – (with first report)**
- b. **Summary statement concerning likelihood and estimate of loss – (with first report)**
- c. **Current status – (until action is closed)**

- DSU**
- a) *Brief summary statement of the nature of the claim:* DSU is party to a Title IX claim filed with the Office for Civil Rights (OCR).
 - b) *Summary statement concerning likelihood and estimate of loss:* Unknown amount at this time.
 - c) *Current Status:* Working on a resolution agreement.

- UND
- a) Brief summary statement of the nature of the claim:
Anderson, Paula and Michael v. Sanford Clinic North et al
12/2/2020 Pending medical malpractice claim. Co-defendant is Erin Follman, MD, a UND surgical resident. Assigned via ND Risk Management to Randi Hanson at Carmud Law Firm. Plaintiff claims irreversible paralysis from waist down secondary to aortic aneurysm repair, in which lumbar artery was allegedly occluded. Case assigned to Judge McCullough in East Central Judicial District Court/Cass County. A separate answer was filed on behalf of Dr. Follman. Attorney Hanson for Defendant Follman currently obtaining Stipulation to Dismiss in exchange for an outlined affidavit of Dr. Follman's knowledge and involvement as a resident. Currently pending Order on Stipulation.
- b) Summary statement concerning likelihood and estimate of loss:
The likelihood of loss is remote.
- c) Current Status: Stipulation of Dismissal filed 8/23/21

- WSC
- a) Brief summary statement of the nature of the claim:
Rylee Cook v. Williston State College
Former student/hockey player Rylee Cook filed an Office of Civil Rights (OCR) suit against the college for things a former hockey coach said to him. He and his mother were asking for \$125,000 in damages during the Mediation Hearing. NDUS Legal Counsel Chris Pieske denied their request thus they are continuing with their suit.
- b) Summary statement concerning likelihood and estimate of loss:
The likelihood of loss is remote.
- c) Current Status: Open investigation by the Department of Education's Office of Civil Rights (OCR).

Closed Legal Actions:

- UND
- a) Brief summary statement of the nature of the claim:
Duane Barth v. Sanford Clinic North, Sanford Health, Sanford Medical Center Fargo, State of North Dakota (The University of North Dakota) and JOHN AND JANE DOES 1 to 5.
- b) Summary statement concerning likelihood and estimate of loss:
The likelihood of loss is remote.
- c) Current Status: Summary Judgment Motion to eliminate claims against Dr. Sticca and the residents was granted by Honorable Judge Webb on March 2, 2021.

- UND a) Brief summary statement of the nature of the claim:
Aereauna Houle v. University of North Dakota
- b) Summary statement concerning likelihood and estimate of loss:
Rule 68 offer of \$25,000.00 accepted.
- c) Current Status: Order filed
- UND a) Brief summary statement of the nature of the claim:
Breanna Berndsen et al. v. The North Dakota University System
- b) Summary statement concerning likelihood and estimate of loss: The likelihood of loss is remote.
- c) Current Status: Dismissed
- UND a) Brief summary statement of the nature of the claim:
Hans Bjellum et al. v. Dr. Cyril Tabe; Dr, Matthew Heberer; and Sanford Clinic North
- b) Summary statement concerning likelihood and estimate of loss: The likelihood of loss is remote.
- c) Current Status: Dismissed.

6. Campus anticipates the need for deficiency appropriation.
No campuses with anticipated deficiency appropriation.

7. Other events having a significant impact on campus revenues or expenses.

- NDSU Student enrollment trends and demographics indicate a regional and nation-wide decrease in the number of college age students. This will affect NDSU's student enrollment. We continue to evaluate and monitor tuition revenues, adjusting spending levels as necessary.
- NDSU NDSU continues to evaluate and respond to the short-term and long-term financial impacts to the campus due to the prolonged pandemic.
- UND UND closely monitors enrollment trends and any potential financial issues due to the pandemic.
- BSC BSC has implemented strategies, including new programs and certificate development to address declining enrollment.
- LRSC LRSC continues to monitor enrollment trends due to decreased enrollment due to the pandemic.