

Student Fee Advisory Board  
Fee Increase Proposal

Prepared for  
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Within the Student Fee structure at North Dakota State University, the Finance Advisory Board (FAB) possesses a unique funding model. Comprised of ten 'Tier I' entities: MyNDSU, Bison Information Network, Campus Recreation & Intramurals, The Spectrum, Student Government, Performing Arts, Campus Attractions, Tier II Organizations, The Memorial Union & Athletics. Classification as a Tier I organization is colloquially said to be those departments and organizations on campus that have a capacity to make a regular impact on students. For Fiscal Year 2020, total Student Activity Fee (SAF) disbursements amount to nearly \$3.6 Million.

Each Tier I entity receives a respective portion of the SAF based off of agreed upon percentages, which have been established over time. Amounts vary from \$11,000 for MyNDSU to almost \$1.4 Million for Athletics. Most entities receive or accrue funding from other resources besides that of the SAF disbursements. Notably, MyNDSU is fully supported by the Student Activity Fee; while entities such as Athletics and Performing Arts rely on a variety of other funding sources.

With regards to students at NDSU, FAB's Tier I organizations are vital for providing the community that we know and love today. Direct implications of the Student Activity Fee provide limitless student involvement and engagement as well as a campus brand and atmosphere and funding for physical buildings, events, people and services. A few examples of these services include the funding of over 300 student organizations, a competitive Division I athletic program and opportunities for students through intramurals and our own Gold Star Marching Band.

North Dakota State University has seen a large change over the last decade. A difference of over \$1 Million has been observed in SAF collections and disbursements. A steady increase in collections during the 2010-2013 era can be attributed to heightened enrollment. Since 2015,

however, collections have stagnated and more recently declined. In Fiscal Year 2019 and 2020 FAB's efforts of budgeting have not fallen in line with estimated enrollment figures. Decreasing collections have forced to have been supplemented by reserve funding. Enrollment shocks have essentially eliminated our reserves and thus our ability to react to thus shocks in the future. Currently, we possess a reserve that is less than one percent of our annual disbursement.

In the event that no action is taken – whether that be through a declined fee increase or no budget reductions – FAB will be on a trajectory to incur an estimated negative cash balance of \$382,000 at the close of fiscal year 2021. These calculations are based off of decreased collections from a 'grim' estimate six percent enrollment decrease and a constant level of spending. This number speaks to the magnitude of the crisis we face. To avert catastrophe, something must be done.

As a group, FAB realizes that funding is scarce in the State of North Dakota and throughout Higher Education. We are aware that more needs to be done than simply increase collection levels. While a proposed fee increase would greatly help FAB's efforts in rectifying its balance, there are other methods through which our body has begun improving its financial situation. Realizing our spending as too high, we altered all of our in-year budgets by a total of \$290,000 or roughly three percent for Fiscal Year 2021. In addition to this, entities are actively seeking out methods to consolidate costs, re-negotiate standing contracts and cost expectations, seek out alternative methods of funding and plan for decreases in SAF funding over the next few years. All of these actions will continue to be pursued with or without a fee increase. In fact, any provided increase will only 'cushion our blow.' Stated by Paul Wralstad, Director of the Memorial Union, "an increase will reduce the impact of declining enrollment and allow us to

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continue to provide as many programs and services as we can. Even if granted this increase, many of our programs and services will be impacted and some may need to be reduced or cut.”

Our proposal for a Student Activity fee increases, to begin in Fiscal Year 2021, is an increase of \$1.34. This number, compiled with at least a six percent decrease in budgetary spending – in line with University recommended levels – will help our board accumulate reserve funding that, a priory stated, has been drastically eliminated over the past few years. Revenue projections provided by the Budget Director indicate that \$356,424 would be generated from the \$1.34 proposal. Among otherwise diminished collections and our reduced overall budget, this increase would provide us with an ending cash balance of around \$200,000 in Fiscal Year 2021. This equates to approximately a six percent reserve level.

While there is certainly more continued work and corrective action to be done within the next few years, it is FAB’s belief that such an increase is impactful to the financial situation our entities face while still being reasonable, fair and rationale to the other two entities seeking out fee increases. The situation we face is dire. To avoid unprecedented funding decreases we must seek out a source of raising revenue streams. Failure to do so will see a direct and unfortunate consequence on our students experience of NDSU and the community we cherish so deeply.

Sincerely,

A handwritten signature in black ink that reads "Chad Blank". The signature is written in a cursive, slightly slanted style.

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