

NORTH DAKOTA
STATE UNIVERSITY

NDSU

2013-15

BIENNIAL BUDGET REQUEST

NDSU – AGENCY 235

DEAN L. BRESCIANI PRESIDENT

SB2003 FINAL AUTHORIZATION

GIVEN ANOTHER YEAR'S GROWING LEVELS OF ACHIEVEMENT, NORTH DAKOTA STATE UNIVERSITY IS PLEASED TO SUBMIT FOR CONSIDERATION THIS ANNUAL AGENCY REVIEW AND SUMMARY FOR THE 2013-2015 BIENNIAL BUDGET REQUEST.

INTRODUCTION

NDSU's evolution in recent years, which is projected to continue into the next biennium, reflects its increasing efficiency and productivity. At the same time, NDSU remains deeply committed to its land-grant mission focused on educating students and serving state interests in a manner demonstrating sound stewardship and accountability. A variety of measures suggest that it is an exemplar in doing those things and more. NDSU's 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.

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. In fact, 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 record-setting contributions to the state's tax base.

From another perspective, the university's success also has led to another year of record research and development expenditures, licensing revenues, and new business growth as well as subsequent job creation. NDSU leads the state in those categories as well.

NDSU's success, which is a major component of our state's success, is only constrained by the resources available to it. Recent external economic impact analysis seems to suggest that there is no single greater investment opportunity and subsequent return on investment of state resources than NDSU. Its impact on the prosperity of students, local and service region communities and statewide economic interests it serves can be argued to be without comparison other than "collectively" North Dakota's agricultural industry, and even the record setting success of North Dakota agricultural sector, is heavily reliant on the contributions of NDSU. Given the increasingly irrefutable evidence of NDSU's contributions, we urge you to further invest in this proven and state-leading opportunity to better realize the potentials of North Dakota.

AGENCY OVERVIEW

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

AGENCY DESCRIPTION

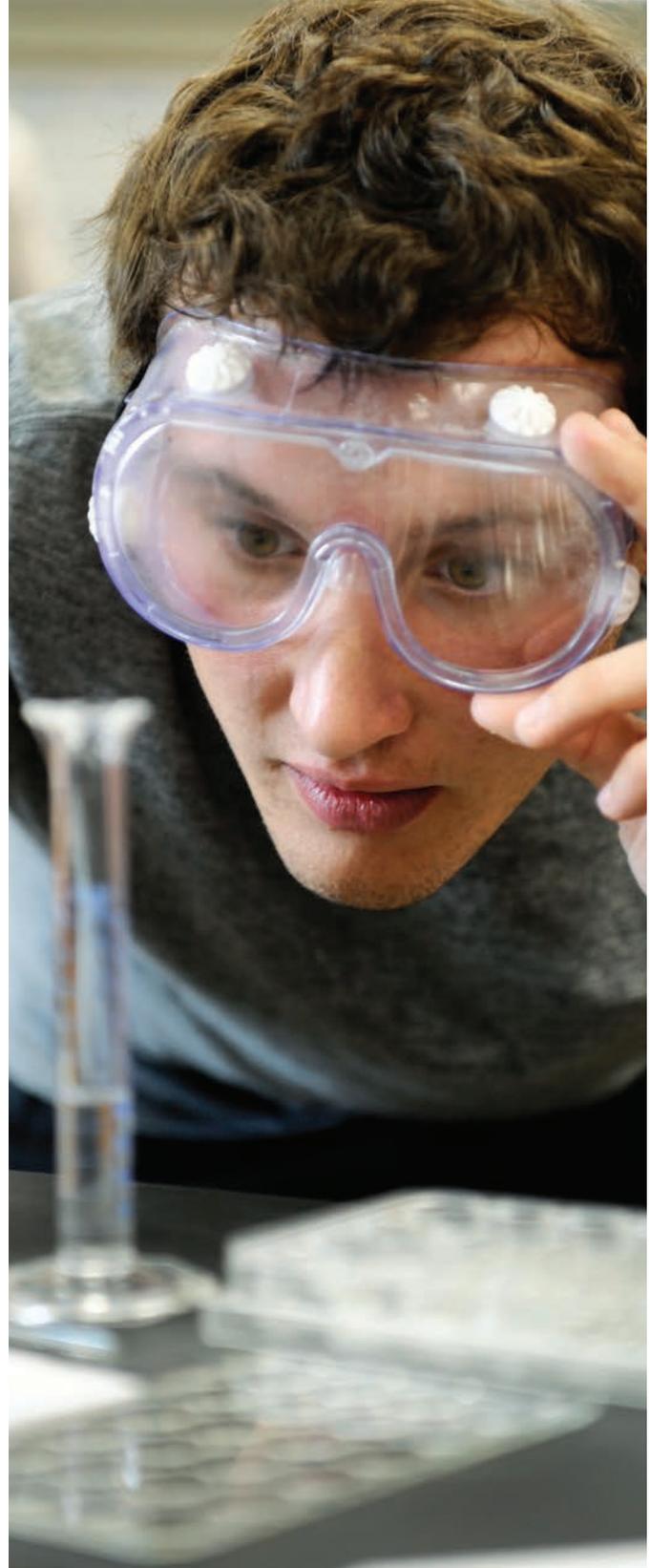
North Dakota State University (NDSU) has in recent years solidified its position as one of the state's two flagship research universities. Perhaps more importantly in terms of its capacity to serve the state's interests, NDSU has become the first and remains the only North Dakota university ranked in 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 \$134 million in annual sponsored scholarly research and expenditure activity reported for the most recent national survey. Those rankings have opened up a steady progression of new partnership and funding opportunities with other leading universities, private business, corporate entities and federal agencies never before possible for a North Dakota university.

Nonetheless, NDSU is proud of its tradition as the state's student-focused, land-grant, research university. 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.

NDSU also hosts the largest and most diverse full-time student enrollment in the state. The university enjoys its location in a vibrant and growing area of the state; and, with a growing number of major corporate partners, 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 NDSU.

MISSION STATEMENT

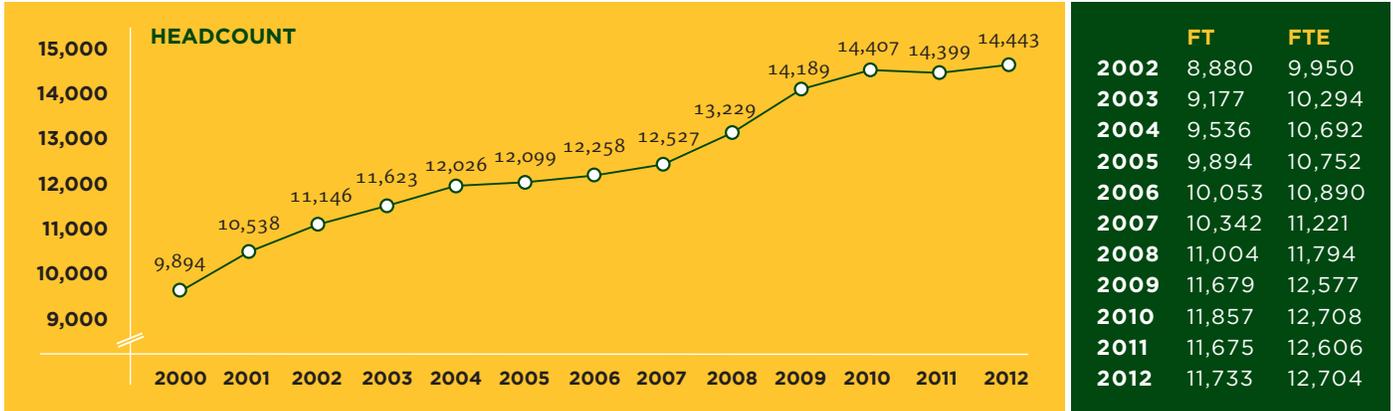
With energy and momentum, North Dakota State University addresses the needs and aspirations of people in a changing world by building on our land-grant foundation.



ENROLLMENT OVERVIEW

FALL ENROLLMENT DATA

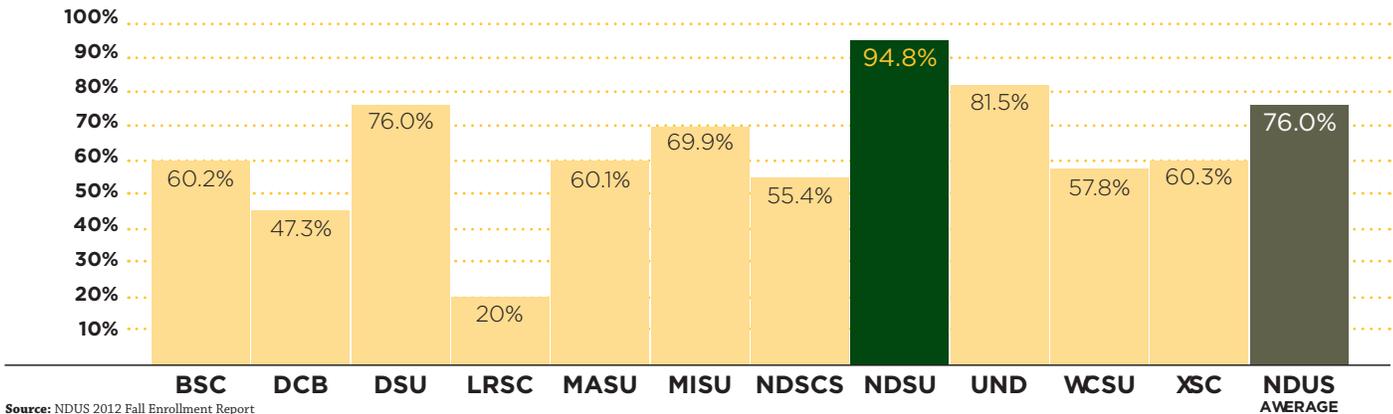
From 2000 to 2012, student demand has increased by 4,549 additional students, or approximately 46 percent.



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 2012 ON-CAMPUS PERCENTAGES

At NDSU, 13,653 of 14,443 students are face-to-face with faculty in traditional classroom settings.



Source: NDUS 2012 Fall Enrollment Report



MAJOR ACCOMPLISHMENTS

1. NDSU has become North Dakota's first and remains the only top-ranked research university in the nation based on both the Carnegie Commission on Higher Education and the National Science Foundation, the two most recognized objective measures of university success.
2. Increased demand by prospective undergraduate students, in spite of efforts in recent years to slow enrollment growth and the necessitated elimination of most marketing budgets, has been reflected in new full time student enrollment records every year for the past 11 years, which in the fall of 2011 reached 14,399 students.
3. Continued improvement in the diversity of the NDSU student body, including in the fall of 2011 a record 1,282 international students representing 88 countries, and an increasing number of U.S. born students reflecting ethnic, cultural, and geographical diversity.
4. Steadily increasing segments of 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.
5. Increased demand by graduate students set new records with enrollment reaching 2,376 in the fall of 2011.
6. Initiated efforts to improve the 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.
7. Student job placement, in their major field of study, has reached a record 89%. That success meets and exceeds many of the best universities in the nation.
8. Completed construction of the Beef Cattle Research Center and nearing completion of the Research Greenhouse Complex's final phase. Both represent "game changing" state-of-the art facilities that will draw national and international attention and resources.
9. Continued the involvement with the Research and Technology Park and emerging technology firms that have created several thousand new jobs, including employment of more than 100 NDSU undergraduate and graduate students. Received national and international awards, including the "2010 Outstanding Incubator Graduate of the Year."
10. Expansion of "Research I" in the Research and Technology Park, funded completely through federal Department of Commerce resources, will allow uninhibited commercialization of NDSU-produced discoveries.
11. Enhanced academic computing infrastructure including upgrading the computer fiber network, routing and switching equipment and extending the state's Internet2 connection through the Northern Tier Network has further extended NDSU as the SBHE's designated Center for Computing within the NDUS.



NDSU has established itself as one of the most successful overall NCAA Division I athletic programs in the nation, and in the 2011-2012 season was tied for most of the year with the University of North Carolina at Chapel Hill and the University of Alabama for the top program in the nation. Early in 2012 the football team won the Division I national championship, with most other sports going on to post-season league and NCAA championship play. The national visibility and attention drawn to not just NDSU but all of North Dakota have been substantial. Most impressive, however, has been the program's elevation of student-athlete success in the classroom; their overall GPA now exceeds that of the overall NDSU student body.

RESEARCH OVERVIEW

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

TOP 2%

CARNEGIE COMMISSION ON HIGHER EDUCATION: "VERY HIGH RESEARCH ACTIVITY"
 > This tier represents the top 2% of all private and public universities in the nation.

TOP 100

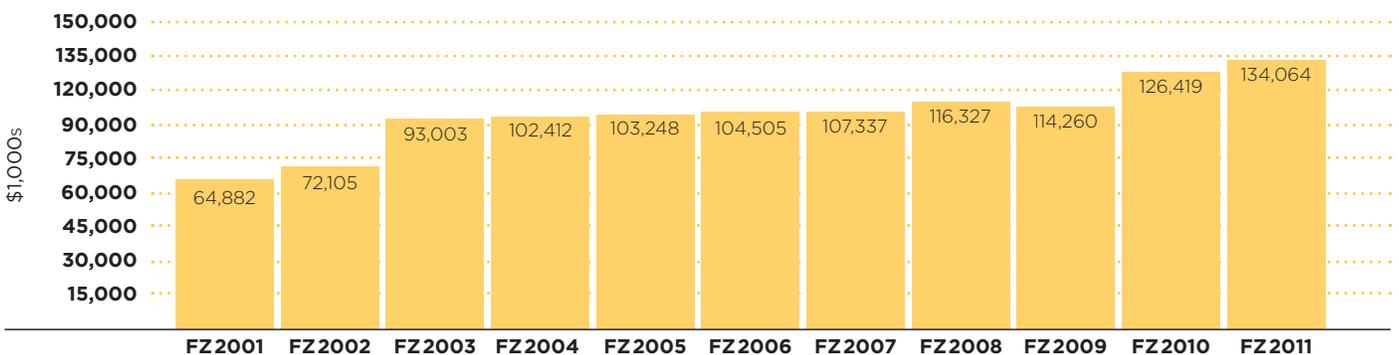
NATIONAL SCIENCE FOUNDATION TOP 100 RESEARCH UNIVERSITY IN CHEMISTRY, AGRICULTURAL, PHYSICAL SCIENCES, SOCIAL SCIENCES, AND COMPUTER SCIENCES

- Architecture and pharmacy are ranked highly by independent parties.
- NDSU graduates about 1% of all engineers in the U.S. annually.
- Cultivars alone contribute about \$250M/yr in terms of economic development impacts to North Dakota.

GROWTH OF NDSU RESEARCH AND DEVELOPMENT EXPENDITURES

\$1B RESEARCH EXPENDITURES SINCE FY2004; \$134M IN FY2011

> Growing in an otherwise receding national landscape for R&D funding

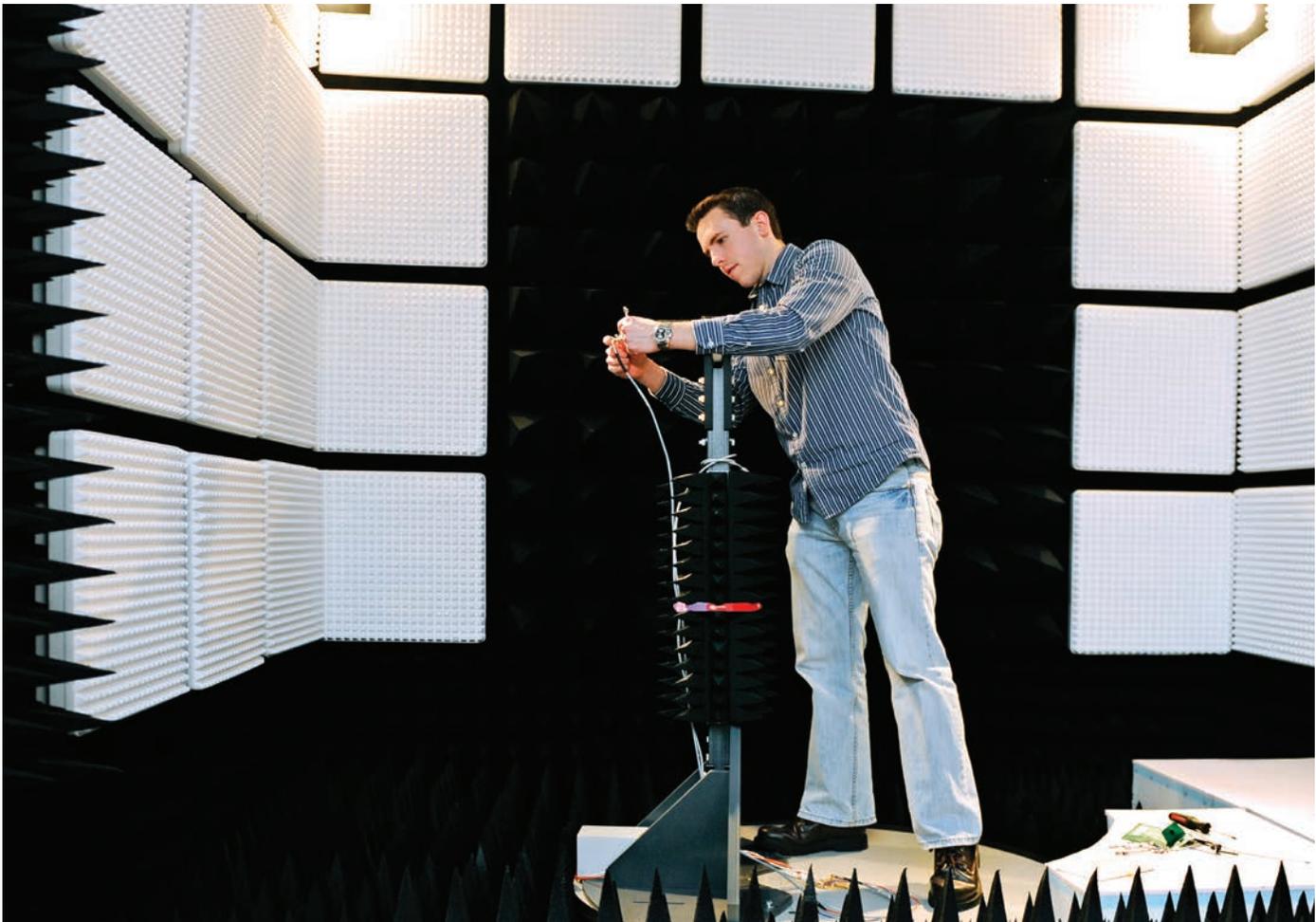


Source: National Science Foundation survey of academic research and development expenditures.

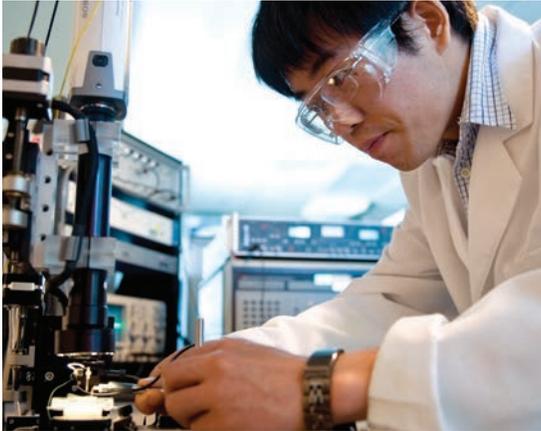
NDSU RESEARCH ACCOMPLISHMENTS

- Processing an average of one research award every 1.15 business days (1,800+ over six years)
- Processing an average of one research contract with private sector partners each week (300+ over six yrs.)
 - > Sponsored R&D with more than 130 different industry sponsors
 - > N.D. Centers of Excellence R&D with 30 industry partners
 - ◆ 1-6 research projects each

RESEARCH PROPOSALS SUBMITTED (ALL TYPES)	
PRIVATE SECTOR (INCLUDES "FEDERAL FLOW FUNDING")	69
COMMODITY GROUPS	239
FEDERAL AGENCIES	565
FOUNDATIONS	159
OTHER	7
STATE/LOCAL	142
TOTAL	1,180



NDSU CORPORATE SPONSORS

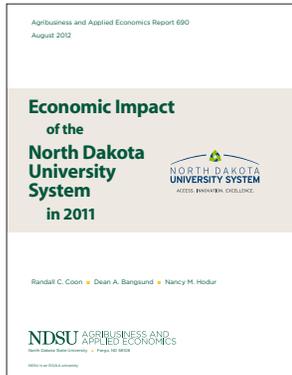


ND-BASED OPERATIONS

American Crystal Sugar
Amity
Appareo
Bobcat/Doosan Infracore
Caterpillar
Datacom International, Inc.
Deere & Company
Intelligent InSites
Killdeer Mountain Mfg.
Marvin Windows and Doors
MidAmerica/MOOG
Monsanto
Pedigree Technologies
Phoenix International
Space Age Synthetics, Inc.
Sanford Health
Technology Appl. Group
Triton Systems, Inc.

WORLDWIDE OPERATIONS

3M
Alien Technology
Akzo Nobel
Arkema
Bayer
Cargill
CertainTeed
Dow Chemicals
DuPont
Hercules/Ashland
Hempel
Honeywell
Intel
INVISTA
Nippon Shokubai
Nissan Chemical
Peregrine Semiconductor
Pfizer
Pioneer
PPG
Sherwin Williams
Starkey Labs
Syngenta
Symyx
Tessera
Textron Defense
and more



EXCERPTS FROM AGRIBUSINESS AND APPLIED ECONOMICS REPORT 690, AUGUST 2012 ECONOMIC IMPACT OF THE NORTH DAKOTA UNIVERSITY SYSTEM IN 2011

NORTH DAKOTA STATE UNIVERSITY

Each of the state's college campuses is an important component of that area's local economy. This brief analysis will provide highlights of an economic impact analysis of North Dakota State University in the Fargo area. Key economic indicators estimated in the analysis include direct impacts, total level of economic activity, personal income, retail trade, tax revenues, and employment. All dollar values are presented in terms of current year dollars, i.e., the effects of inflation have not been removed. The Consumer Price Index indicates that inflation during the 12-year period from 1999-2011 was 35 percent.

Expenditures by North Dakota State University comprise the direct impacts, or "first round effects". Expenditures by North Dakota State University were \$167.6 million in FY1999, \$246.8 million in FY2004, \$284.7 million in FY2006, \$346.0 million in FY2008, \$355.4 million in FY2009, and \$404.3 million in FY2011 (Appendix Table B8). Expenditures increased over the 12-year period by \$236.7 million or by 141 percent.

Total impacts associated with North Dakota State University were estimated by applying the North Dakota Input-Output Model coefficients to total direct expenditures. Total economic contribution was estimated to be \$490.8 million in FY1999, \$730.6 million in FY2004, \$835.6 million in 2006, \$1.0 billion in FY2008, \$1.04 billion in FY2009, and \$1.2 billion in FY2011. The sector with the largest impact was *households* (i.e., personal income of area residents) for each year presented. Personal income increased from \$194.2 million in FY1999 to \$478.5 million in FY2011 or by 146 percent. Other sectors receiving major contributions included *retail trade, construction, finance, insurance, and real estate, and business and personal services*. Increased retail trade activity was

estimated to be \$125.3 million in FY1999, \$171.7 million in FY2004, \$206.4 million in FY2006, \$250.8 million in FY2008, \$255.6 in FY2009, and \$287.3 million in FY2011. This represents a \$162.0 million (129.3 percent) increase for the 12-year period. Increased levels of retail trade activity would generate \$13.3 million in sales and use tax collections for FY2011, compared to \$5,800,000 in FY1999 and \$11.8 million in FY2009. Personal income tax collections were estimated to be \$2.9 million in FY1999, \$4.4 million in FY2004, \$5 million in FY2006, \$5.7 million in FY2008, \$6.1 million in FY2009, and \$7.2 million in FY2011 as the result of increased economic activity in the household sector.

Levels of business activity resulting from North Dakota State University expenditures would support 3,215 secondary (indirect and induced) jobs in 2011. These jobs are in addition to the 3,916 positions (excluding student jobs) employed at North Dakota State University in 2011. In the Fall of 2010, 12,708 full-time equivalent students were enrolled at North Dakota State University.

In addition to the economic impact resulting from the institution's expenditures, spending by students also contributes to the local economy. Direct impacts of student spending in the Fargo area was \$139.0 million in FY2011. The total economic contribution of student spending was \$345.6 million. Student spending was estimated to generate an additional \$7.2 million in sales and use tax revenue and \$1.3 million in personal income tax collections. This level of student spending would create enough business activity to support 711 secondary (indirect and induced) jobs. A detailed analysis of the economic impact resulting from student expenditures is presented in Appendix Table A15.

Appendix Table B8. Direct and Total Economic Impacts for North Dakota State University, Fiscal Years 1999, 2004, 2006, 2008, 2009, 2011 and 2011 (Current Year Dollars)

Item	FY1999	FY2004	FY2006	FY2008	FY2009	FY2011	Change	
							FY1999-2011	FY2009-2011
----- \$000 ----- % -----								
Direct Impacts:								
General Fund	67,041	70,715	76,513	88,150	98,272	102,250	52.5	4.1
Nongeneral Fund	95,014	155,899	193,757	232,749	239,061	274,916	189.3	15.0
Capital Improvements	<u>5,581</u>	<u>20,139</u>	<u>14,411</u>	<u>24,765</u>	<u>18,051</u>	<u>27,153</u>	386.5	50.4
TOTAL	167,636	246,753	284,681	345,664	355,384	404,319	145.6	13.8
Direct Impacts by I-O Sector:								
Construction	5,581	20,139	14,411	24,765	18,051	27,153	386.5	50.4
Communication and Public Util	8,168	10,185	9,966	11,993	12,696	13,246	62.2	4.3
Retail Trade	24,448	20,002	34,301	48,811	43,043	38,694	58.3	-10.1
Finance, Insurance, Real Estate	21,879	32,862	36,489	43,731	44,038	57,134	161.1	29.7
Business and Personal Services	22,510	35,840	45,494	59,668	64,159	58,669	160.6	-8.6
Households	<u>85,050</u>	<u>127,725</u>	<u>144,020</u>	<u>156,696</u>	<u>173,397</u>	<u>209,423</u>	146.2	20.8
TOTAL	167,636	246,753	284,681	345,664	355,384	404,319	141.2	13.8
Total Impacts:								
Construction	17,762	38,417	35,149	49,111	43,680	57,042	221.1	30.6
Communications and Public Util	24,968	35,257	38,690	46,173	48,534	54,384	117.8	12.1
Retail Trade	125,268	171,687	206,409	250,758	255,641	287,276	129.3	12.4
Finance, Insurance, Real Estate	44,531	66,886	75,136	89,009	91,838	112,833	153.4	22.9
Business and Personal Services	31,395	49,228	60,743	77,609	83,082	80,691	157.0	-2.9
Professional Social Services	12,585	18,903	21,432	24,895	26,391	31,000	146.3	17.5
Households	194,198	291,865	330,539	382,838	406,494	478,454	146.4	17.7
Other ¹	<u>40,073</u>	<u>58,373</u>	<u>67,452</u>	<u>80,499</u>	<u>83,475</u>	<u>96,318</u>	140.4	15.4
TOTAL	490,780	730,616	835,550	1,000,892	1,039,135	1,197,998	144.1	15.3

¹ Includes agriculture, mining, manufacturing, transportation, and government.

FUTURE CRITICAL ISSUES

The essence of NDSU's critical challenge is that of all 11 North Dakota system institutions, NDSU is the lowest funded four-year institution relative to its NDUS-established ranking among its peer institutions and/or general fund per student N.D. funding. Furthermore, most of those national peers are not among the far more successful institutions NDSU has recently joined in ranks with as one of the National Science Foundation's top 100 research universities.

If to generalize NDSU's future critical issues in one framework, it might be said that the university is a victim of its own success. NDSU's productivity and resulting visibility have led to a decade of unprecedented increases in demand by both undergraduate and graduate students and an increasing ability to attract scholars and entrepreneurs eager to bring their research and business ideas to an environment that supports their success. The increasing attractiveness and national visibility of NDSU and the surrounding community, and the state's current economic strength, all contribute to a university with substantial and growing capacity to contribute more to the state and nation — but hamstrung by resources designed to support a comprehensive undergraduate institution with only limited research productivity, much less a leading role in statewide economic development. To put a finer point on the challenge, of all 11 North Dakota system institutions, NDSU is the lowest funded four-year institution in terms of general fund dollars per student.

Nonetheless, the legislative requirement to replace the past state funding model with a new calculus bodes an exciting recognition and response to past funding inequities. NDSU recognizes the work and support both of the State Board of Higher Education and the state Legislature to take corrective action regarding those inequities and enthusiastically looks forward to realizing its full potentials once they are resolved. Already recognized by Moody's Investor Service as one of the leading economic engines in North Dakota, NDSU has historically been a major contributor to the North Dakota economy, and in the past decade has emerged as one of the state's most likely sources of future economic diversification, demographic correction, and general prosperity. NDSU's current and future capacity to address those state concerns, while generating a return on investment that has been calculated to approximately \$7 for every \$1 of state general fund support it receives, has become well documented and confirmed.

Unfortunately, NDSU's success and potential for an even more impressive contribution to the future of North Dakota are in a critically vulnerable position. Without adequate support, the university's capacity to meet student demand, bring in new interests and resources from out of state, and contribute to the economic diversity and strength of North Dakota's future will not simply be stopped at current levels, but due to inflationary factors and years of past budget rescissions, will require a retrenchment. More specifically, NDSU is in critical need of additional resources to support classroom instruction, academic support functions, and facilities renovation and replacement.

- Current resources available to support faculty and staffing of academic areas largely reflect the NDSU of a decade ago. Meeting student demand, while maintaining reasonable faculty-to-student ratios, has required an increasing utilization of nontenured, part-time, and other staffing options. While those "bridging" approaches are adequate in some educational settings, they are not complimentary or commonly employed as an on-going approach in a flagship land-grant research university.
- A recent external risk analysis [contracted by the State Board of Higher Education](#) singled out NDSU from its 10 sister institutions, indicating that understaffing in academic through administrative segments of the university represents the majority of its highest risks.
- Academic support functions meeting the demands of a growing student body, and the more sophisticated academic support needs of an enhanced student profile, have by and large been left unaddressed during NDSU's past decade of development. Existing faculty and academic staff have been stretched beyond reason to meet student demands, and a widening gap is evident in terms of the university's capacity to provide even modestly reasonable levels of support.

▪ Campus facilities are increasingly falling behind on even minimal levels of maintenance and renovation. NDSU's ability to continue attracting the best students, faculty, staff, and outside agencies that support the university's development and contributions back to the state, are increasingly being inhibited. The situation also results in an inability to pursue measures that would provide important cost savings in terms of safety, security, energy efficiency, and cost containment available through federal facilities and administrative financial support. It is troubling that state physical assets, much less their potential productivity, are hampered by facility conditions that do not provide the opportunity for even minimal much less on-going, long-term strategic planning of maintenance, renovation, and replacement.

At the same time, NDSU has a responsibility to evaluate and purposefully consider opportunities for efficiencies across its academic programs and all other activities. The university, both individually and as part of the NDUS, cannot appropriately grow and excel on all possible fronts. It has over the past two years undergone a comprehensive strategic planning process to evaluate those areas in which it is best positioned to lead, support, or contribute to the success of its constituencies. Reciprocally, NDSU also has 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 N.D. System institutions better positioned to meet such demands. NDSU's future strategic focus will be toward science, engineering, and agricultural fields represented by STEM disciplines.

In fact, NDSU is already pursuing a number of measures designed to do the above through modest state-supported startup initiatives in a variety of STEM disciplines. That has been complimented by external campus master planning, and strategic study of the university's image and marketing.

At the same time, the university also has pursued a number of initiatives ranging from curriculum reviews and restructuring of tuition, fees, and course load expectations, and has pursued 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), UND (public health), and NDSCS (the "Pathways" program, and the establishment of a two-year liberal arts preparatory program in the Fargo area). NDSU also has proposed extension of engineering-related efforts in transportation and logistics to the Dickinson State University campus.

Mirroring those examples of growing academic collaborations have been system-wide support of academic support functions in system IT-based data storage, academic computing, communication, emergency response and support technologies that provide the backbone of many N.D. System 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.

AGENCY UPDATE

NORTH DAKOTA STATE UNIVERSITY ANALYSIS OF 2011-13 FINAL ENGROSSED HB 1003

	FINAL HB1003	HB 1003+ EQUITY ALLOC
2009-11 General Fund Appropriation-Base Operations	\$108,715,082	\$108,715,082
2009-11 Deferred Maint/Extraordinary Repairs	1,692,225	1,692,225
2009-11 Adjusted General Fund Appropriation	110,407,307	110,407,307
Prioritized SBHE Needs-Based Request		
1. Parity/costs to continue existing salary base	9,067,447 ¹	9,067,447
2. Equity	- ²	6,005,607
3. College affordability	- ²	-
4. Facility and infrastructure regular repair and maintenance	1,040,019 ³	1,040,019
Employee retirement contributions	794,560	794,560
Master's in Public Health (1/2 NDSU, 1/2 SMHS)	607,609	607,609
STEM teacher education base funding adjustment	(250,000)	(250,000)
Total Increase in GF Base Funding	11,259,635	17,265,242
<i>GF base funding increase over 2009-11</i>	<i>10.20%</i>	<i>15.64%</i>
Total Base General Fund Request, Recommendation and Engrossed HB1003	121,666,942	127,672,549
One-time General Fund Budget Requests:		
Pay-off special assessments	272,683 ⁴	272,683
Total One-time General Fund Budget Request, Recommendation and Engrossed HB1003	272,683	272,683
2011-13 Small-Medium Projects	-	-
2011-13 State-Funded Projects	-	-
Total General Fund Request, Recommendation and Engrossed HB1003	\$121,939,625	\$127,945,232

¹ **Parity-Costs to continue existing salary base (state share)**

a. Costs to continue FY11 legislatively funded salary increases (+ new positions)	\$2,288,204
b. Total estimated health insurance based on funded premium of \$999.05 per month	906,679
c. Estimated cost of compensation package at 3% per year	4,385,006
d. Estimated operating inflation – NOT FUNDED	-
e. Estimated actual utility increases	1,064,975
f. Estimated utility costs of new buildings coming online – Minard Hall, leased academic and administrative space	442,583
Total Parity/Costs to Continue	\$9,067,447

² **Equity and College Affordability**

HB 1003 section 6 included a \$15,240,565 equity and affordability funding pool for distribution among the university institutions, based on existing formulas. NDSU received an allocation of \$6,005,607 for equity and college affordability combined, which was used to support general operations, including salaries for faculty and staff, operating costs and equipment.

³ **Facility Infrastructure Repair and Maintenance**

Base funding increased by \$1,040,019 from \$1,692,226 to \$2,732,244

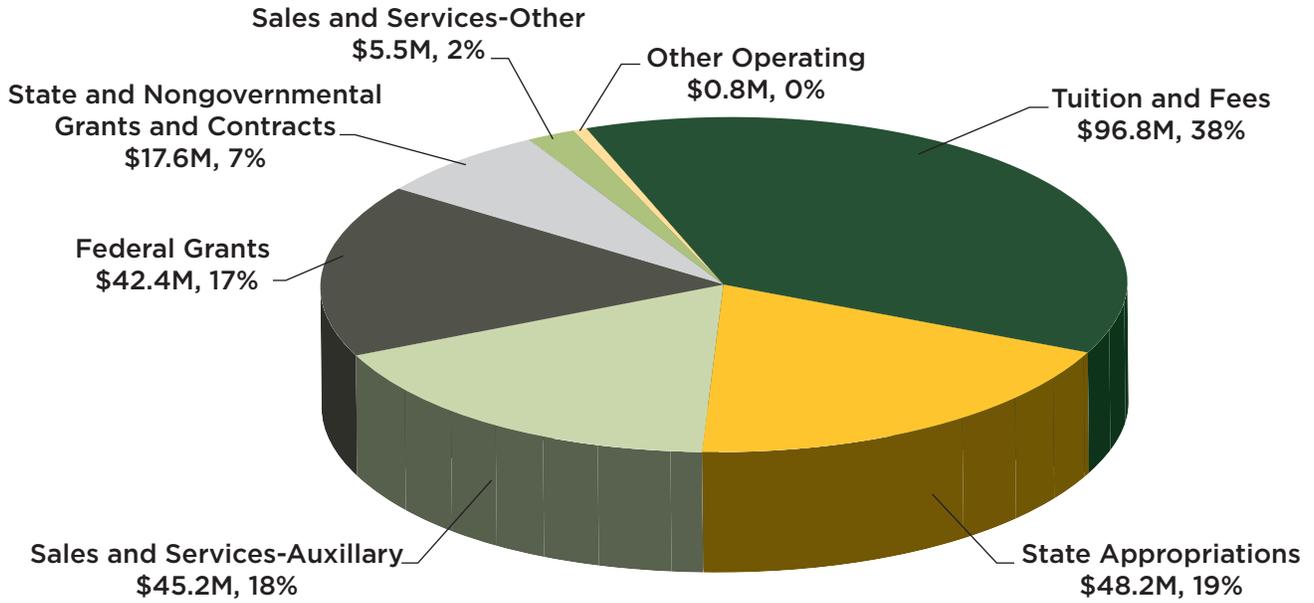
⁴ **One-time: Special Assessment 2011-13 Payments**

Principal	\$94,264
Interest	178,419
	\$272,683

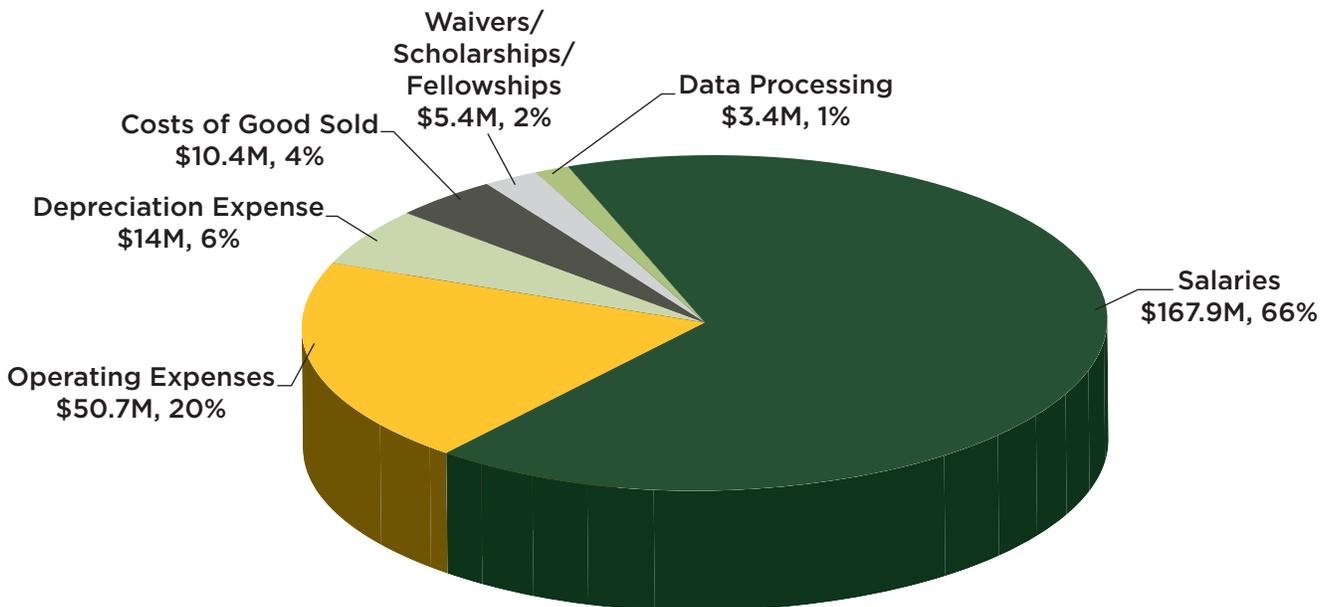
Source: FY2012 NDSU unaudited financial statements

Operating revenues do not include nonoperating revenues (gains/losses on capital assets, endowment/investment income, interest, insurance proceeds, tax revenues, capital grants and gifts). Although state appropriations and federal grants, contracts and appropriations are classified as "nonoperating revenue" for financial statement purposes (per GASB), they are included in "operating revenue" for this presentation because the revenue from these sources funds operating expenses.

**NORTH DAKOTA STATE UNIVERSITY
Operating Revenues FY12 - \$256.7M**



**NORTH DAKOTA STATE UNIVERSITY
Operating Expenses FY12 - \$251.9M**





NDSU 2013-15 BIENNIAL BUDGET REQUEST SUMMARY

NDSU 2013-15 BIENNIAL BUDGET REQUEST SUMMARY

BASE FUNDING

Costs to Continue.....	\$7,255,435
Facility and Infrastructure Regular Repair and Maintenance	\$88,333
<i>Funding for this request will increase the base from \$2,732,244 to \$2,820,577</i>	
Security/Emergency Preparedness.....	\$185,000
Total Base Funding Increase.....	\$7,528,768

STATE PRIORITY INITIATIVE REQUEST SUMMARY

PRIORITY	DESCRIPTION	REQUEST
Priority 1	Library Collaboration with UND	\$238,679
Priority 2	Senior Global Ambassadors	\$180,000
Priority 3	Transportation and Logistics	\$394,250
Priority 4	Research Compliance Management	\$491,940
Priority 5	Energy Specialist	\$147,006
Priority 6	Genomics and Bioinformatics Linking Initiative	\$10,000,000
Total State Priority Requests.....		\$11,451,87

CAPITAL PROJECTS

STATE FUNDED

STEM Classroom/Laboratory Building	\$29,600,000
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NON-STATE FUNDED

Low Rise Lavatory Renovation-Phase I.....	\$1,000,000
Memorial Union Food Court Redesign.....	\$975,000
Low Rise Lavatory Renovation-Phase II	\$1,030,000
Nutrition, Dietetics and Hospitality Laboratories	\$750,000
Total Capital Projects-Non-State Funded.....	\$3,755,000

REAUTHORIZATION NON-STATE FUNDED

Sanford Health Athletic Complex.....	\$35,404,356
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AMENDMENT-CAPITAL PROJECTS NON-STATE FUNDED

Center for Computationally Assisted Science and Technology.....	\$660,000
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CAPITAL PROJECTS

STEM CLASSROOM/LAB BUILDING

NDSU PRIORITY #1 - \$29,600,000
NDUS #2 RECOMMENDED PROJECT

NDSU is requesting funding to construct a new state-of-the-art STEM (science, technology, engineering, mathematics) instruction building on campus to address the classroom and laboratory needs of students. We believe that the “universal” design of the building also will serve as a statewide model for other colleges and universities. Most current classrooms and laboratories are 40-100 years old and do not have the technology, infrastructure or environment required to meet teaching needs of NDSU today or in the future. In addition, the shortage of classroom and limited office space on campus has made it difficult to renovate outdated, deteriorating academic buildings.

This project would 1) provide state-of-the-art, safe spaces for science and technology instruction; 2) free up and allow better use of existing space to support research and teaching in STEM areas; 3) support the unanimous top capital project priority of all colleges, deans, and senior academic leadership at NDSU, the business community, and the state of North Dakota by providing excellent educational opportunities in the STEM fields of study; and 4) align with the third goal of the SBHE, which states “Economic development through quality education, research, training, and service.” This project addresses \$150,000 in deferred maintenance issues.

Project Description

Spaces in the building would be devoted exclusively to labs and traditional science and engineering classrooms as well as modular “open frame” flexible classrooms that would range in size from 20 to an auditorium that would house 250-500 students. The building also would add much needed classroom space to the campus as student enrollment has outgrown the available space, and there are no accommodations for any future growth.

The proposed building does not have a final program or design to determine the exact number or size of each room; however, some of its features could include:

- Accommodation for Echo 360 or streaming video capability
- Modular open frame seminar classrooms with space that can be broken down into pods of less than 20 and/or less than 50 students
- Biology and physics teaching labs – visibility into these spaces from public areas or a student commons may be desirable
- New construction: 145,000 sq. feet
- New construction-cost per square foot: \$94 excluding mechanical, electrical, infrastructure, FFE, fees

KEY FACTORS

- NDSU has been unable to offer certain classes; students have been on lengthy waiting lists because of limitation of physical classroom size.
- Students have requested particular classes on a more regular basis, but NDSU is unable to comply with this request because of the shortage of classroom space.
- Accreditation groups have voiced concerns with NDSU’s limited classroom/lab space.
- Undergraduate teaching classroom and lab spaces are currently commingled with research lab, faculty and graduate student office spaces.
- Department teaching and research space is being leased off-campus; rented space is the most cost inefficient means to meet space demands and a huge drain on campus resources.

PROJECT COSTS

DESCRIPTION	Estimated Total Cost
Planning, Permits and Insurance (design costs associated with current project, OMB preplanning revolving funds, architect and engineer fees, permits, insurance)	\$1,700,000
Demolition and Disposal (C.I. Nelson building)	\$100,000
Construction (foundation and building construction or renovation, including fixed equipment, landscape, infrastructure and utilities, mechanical and electrical, parking and driveways or roadways)	\$24,460,000
Institutional Work (value of work completed by institutional staff)	\$50,000
Contingency	\$1,850,000
Hazardous Material Abatement	\$15,000
Other (including 3rd party costs, survey/geotech)	\$25,000
SUBTOTAL	\$28,200,000
Furniture, Fixtures and Equipment (FF&E)	\$1,400,000
TOTAL	\$29,600,000

SBHE CAPITAL CRITERIA

Life, health, and safety issues	<ul style="list-style-type: none"> No campus classroom with appropriate ventilation for conducting science demonstrations Sharing of lab space between scientists, graduate and undergraduate students Same labs used for research and teaching, creating safety hazards for undergraduate students unfamiliar with advanced research equipment, procedures, and chemicals Inadequate/inoperable/insufficient infrastructure for today's research lab requirements
Compliance with local, state, or federal law or requirements	<ul style="list-style-type: none"> Improved ADA classroom/lab/building accessibility and elevators Conform to building safety codes
Significant deferred maintenance or critical maintenance needs which could result in structural damage to building if neglected	<ul style="list-style-type: none"> Relocating classrooms from buildings will allow easier remodeling/renovations of individual areas in those buildings
Compelling programmatic or accreditation justification	<ul style="list-style-type: none"> Accreditation groups have voiced concerns with NDSU's limited classroom/lab space New teaching space will improve accreditation status in engineering and pharmacy Separating teaching labs from research labs will assist in obtaining research funding Building is vital for improving research options on campus
Specific program or activity advancement (high state priority)	<ul style="list-style-type: none"> STEM graduates are state and national priority Building will support spectrum of majors at NDSU, including agriculture, biology, chemistry, engineering, exercise science, mathematics, nursing, pharmacy
Urgent infrastructure need	<ul style="list-style-type: none"> Classroom space on main campus has not kept pace with student growth in past decade Fewer campus classrooms today than prior to the 50% increase in student population 25 seat (and above) classrooms filled to capacity during peak times of day (9 a.m. – 3 p.m.)
Consistent with campus master plan and highly rated by campus	<ul style="list-style-type: none"> Classroom-type building previously listed in 2006, 2008, 2010 Campus Master Plans Consensus from all parts of campus (e.g., student affairs, financial affairs, academic affairs) as number one need for NDSU Consistent with mission of student-focused, land-grant, research university Every student would have class in the building at some point in their academic career
Necessary based on clearly demonstrated condition of existing space	<ul style="list-style-type: none"> More than half of NDSU's classroom laboratories are in similar condition to that when constructed in mid-1960s
Fosters consolidation of services or enhances operating efficiencies	<ul style="list-style-type: none"> Numerous operating efficiencies for classroom support (stockrooms, storage spaces, grad assistant teaching offices, etc.) by locating in the same building Spaces can be shared across many disciplines being taught in the building

COST BENEFIT ANALYSIS

The majority of teaching labs on campus have a capacity of 20 to 22 students per lab, with safety and effective teaching methods as reasons for this ratio. However, there are as many as 24 students per lab in the introductory and nonmajors biology courses (Biol 150L Biol 151L, Biol 111L, Biol 126L, Biol 124L, Biol 220L and Biol 221.) Teaching labs are resource demanding and require adequate supervision during student use. Teaching assistants (TAs) provide instruction and supervision for these labs, and the university has requirements that limit the number of labs a TA can teach in a certain time period. This becomes an additional factor in the number of labs that can be offered per semester.

It also is important to note that NDSU has a number of upper division courses with labs incorporated into the course (i.e., no separate Lab sections would show up in the institutional data) that serve additional students and use teaching lab space (Biol 478/678, Zoo 280, Zoo 380, Zoo 450/650, Zoo 452/652, Zoo 454/654, Zoo 456/656, Zoo 458/658, Zoo 470/670, Zoo 472/672, Zoo 474/674, Zoo 476/676, Zoo 477/677, Bot 372). In these cases, faculty are teaching the labs and class sizes are limited by not being able to accommodate the students in the lab. In recent years accommodating students in these classes has been difficult because of space limitations.

Many of NDSU's 100- and 300-level courses required by many majors (e.g. General Biology Lab I and II (Biol 150L and Biol 151L), General Chemistry Lab I and II (Chem 121L and Chem 122L), World Food Crops (Plsc 110), and Genetics (Plsc 315) are oversubscribed and students must register for them later in their degree program. Since many of these classes are prerequisites for other courses, delayed enrollment can delay graduation by one to two semesters. Our goal is to encourage and provide opportunities for students to complete undergraduate degrees in four years.

The initial design concept includes 145,000 square feet of general classroom space, STEM laboratory, and student study areas. The classroom space ranges from 20-450 students in size alone, and the STEM specific laboratory space will vary based on nature of the instruction. Many of the teaching labs will have capacity of 20-30 students. Every NDSU student would have a class in this building at some point during his/her academic career. The addition of the STEM building will allow NDSU to address the current space and room deficiencies experienced on the main campus as well as address future academic needs. Student demand for STEM related instruction has grown by 37% during the past 10 years. Providing this type of facility on the main campus will be a more cost efficient option than renovating or leasing similar type space off campus.

CIVIL INDUSTRIAL ENGINEERING #104



View of room from doorway



Classroom and teaching lab



Research lab and graduate center office (behind curtain)



Graduate student office within research lab

SPACE IS USED FOR FOUR FUNCTIONS:

- Teaching classroom
- Teaching lab
- Research lab
- Graduate student offices

CIVIL INDUSTRIAL ENGINEERING #108



Teaching lab space also used as storage area; supplies are moved when instruction needs to take place



Teaching lab area with workspace for the American Society of Civil Engineering student organization



Storage issue in area so items are stored from ceiling

DOLVE #131



Classroom and teaching lab; research lab and graduate student space on opposite side of movable partition



From the rear of classroom/teaching lab space; note lack of space for 20-30 students who participate in class/lab



DOLVE #144

Research lab side of room with graduate student area; laser technology takes place in the research side and should not be combined with academic classroom activities



Former restroom area converted into needed teaching lab space; water hoses are hooked to previous restroom piping

DOLVE #128



Flame device in teaching lab with makeshift intake and vent



Storage space is an issue in this teaching lab

ELECTRICAL AND COMPUTER ENGINEERING ROOMS



Former classrooms (#235 and #237) were converted into teaching labs for 200+ students each; there are only eight workstations in each lab, so 24-hour card access was added to the rooms in order to accommodate accessibility for student lab and project needs



(#223) Teaching lab/graduate student office/senior design lab is commingled in one area with research activities also taking place here

STEVENS HALL ROOMS



(#107) Teaching lab that also is used as classroom; chairs are moved around table when class is in session



(#118) Faculty office is located in former custodial closet (note drain in floor)



(#204) Shared research lab space



(#233) Former storage space; now is shared graduate student and faculty office spaces with single entrance



(#136) Middle school sized, outdated furniture; class size would be reduced if larger, more appropriate sized furniture were used

REQUESTED AUTHORIZATION — NON-STATE-FUNDED CAPITAL PROJECTS

PROJECT	COST	DESCRIPTION
LOW RISE LAVATORY RENOVATION - PHASE I	\$1,000,000	The project consists of remodeling the low-rise residence halls bathrooms by replacing the piping stacks, mechanical (including improved ventilation) and more private areas for showers, sinks, and lavatories. This project would be completed in five phases, beginning with the residence hall with the most damaged stacks. The residence halls in this project include: Stockbridge Hall, Reed and Johnson Halls, North and South Weible, Dinan, and Burgum. Energy conservation will be utilized along with long lasting and sustainable finishes.
MEMORIAL UNION FOOD COURT REDESIGN	\$975,000	A study was completed to evaluate the lighting, signage and circulation in the food court area of the Memorial Union. The result of the study was that a renovation of the area would improve all three items. The lighting in some areas is down to 10 footcandles, which is far below the recommended standards. The current circulation pattern has created many issues including customers spilling food on each other. Signage improvements will help in many aspects, including circulation.
LOW RISE LAVATORY RENOVATION - PHASE II	\$1,030,000	The project consists of remodeling the low-rise residence hall's bathrooms by replacing the piping stacks, mechanical (including improved ventilation), and more private areas for showers, sinks, and lavatories. This project would be completed in five phases, beginning with the residence hall with the most damaged stacks. The residence halls in this project include: Stockbridge Hall, Reed and Johnson Halls, North and South Weible, Dinan, and Burgum. Energy conservation will be utilized along with long lasting and sustainable finishes.
NUTRITION, DIETETICS AND HOSPITALITY LABORATORIES	\$750,000	The project consists of renovation of the current space in the College of Human Development and Education's Family Life Center (FLC) 310, 311 and 312 to provide up-to-date food production laboratory space and equipment. The original space was designed to meet the needs of students in the 1970s but those needs have changed dramatically. The project would include asbestos abatement, demolition where required, new construction/renovation, design expenses, and equipment.

CAPITAL PROJECT REAUTHORIZATION — SANFORD HEALTH ATHLETIC COMPLEX

\$35,404,356 - PRIVATE FUNDS

Dedicated in 1970 as the Fieldhouse and the Physical Education Classroom Building, the Sanford Health Athletic Complex (former Bison Sports Arena) featured the largest indoor seating capacity of any building of its type in the state, and was opened as one of the finest multipurpose facilities in the region, consisting of 150,639 square feet of space.

The Sanford Health Athletic Complex remains the primary facility for the athletics department. This multipurpose facility has been overwhelmed by the increase in sports, teams and athletes. A major renovation is critical to meet growing demands of the NCAA Division I athletic program.

The renovation would provide an increased level of quality and safety for the athletes, the campus and the community with an emphasis on improving the existing facilities and structure. Renovation plans include: HVAC upgrades, ADA compliance, locker room expansion/upgrades, athletic training areas, security, classroom technology enhancements, replacement of the unsafe playing surfaces and bleacher systems along with relocating offices/conference/meeting rooms for maximum space efficiency. This project will also replace the existing roof, add new entrances to the north and south, a new practice gym, improvements for wrestling, golf, softball and baseball programs, an academic center, and an addition to the west side of the building to accommodate the strength and conditioning area for all student athletes.

Approximately \$4,092,000 in deferred maintenance is addressed in this project.

On September 26, 2012, NDSU sought and was granted authorization by the SBHE to:

“Amend the 13-15 SBHE capital project request to include \$35,404,356, an increase of \$6,304,356 over the currently authorized amount of \$29,100,000, for the Sanford Health Athletic Complex, funded from private funds. Furthermore, authorize NDSU to proceed with a fundraising campaign of \$35,404,356 for the project.”

PROJECT DESCRIPTION

NDSU requested an increase in spending authorization of \$6,304,356 for the project due to the following reasons [approximately \$2,260,000 for contingency and \$4,040,000 for construction]:

- Fundraising efforts have taken longer than previously anticipated, delaying project start time
- Estimated construction costs have increased from 2010 to the proposed 2013 project start time
- Code changes since 2010 have resulted in an increase in construction costs
- Contingency is being increased from 5% to approximately 12% due to the complexity of the building remodeling; industry contingency standards for building renovations range from 10-15%
- The new Sanford Health Center being built could result in increased construction costs in the area
- Requested capital project amount does not include FF&E estimated total of \$2,725,645 as per SBHE policy.

CENTER FOR COMPUTATIONALLY ASSISTED SCIENCE AND TECHNOLOGY

\$660,000 – FEDERAL FUNDS

THIS PROJECT RECEIVED SBHE APPROVAL ON JANUARY 17, 2013 AS AN AMENDMENT TO THE 2013-15 APPROPRIATIONS BILL.

AS NOTED IN THE SBHE MINUTES:

Approve NDSU request for ratification of the Chancellor's interim approval to request an amendment to the 2013-2015 appropriations bill to include the upgrade of a portion of Research 2 (R2) for the Center for Computationally Assisted Science and Technology in the amount of \$660,000 to be funded by federal grant funds; further, following legislative approval, authorization to proceed with the project.

PROJECT DESCRIPTION

The NDSU Center for Computationally Assisted Science and Technology (CCAST) is administering the Department of Energy's National Nuclear Security Administration (DOE NNSA) federal grant entitled "Center for High Performance Computing" (Project No. DE-FG52-08NA28921, PI: VPRCATT Philip Boudjouk). The grant is dedicated to development of high-performance computing (HPC) infrastructure (infrastructure, hardware, and software) and to development of competencies in computational research (personnel, research programs, and outreach) for NDSU. A portion of this funding is directed toward improvements to the specialized computer room in the NDSU Research and Technology Park R2 building where new CCAST hardware and software infrastructure is scheduled to be housed. The improvements are imperative to ensure that necessary power, cooling, fire protection, space and security requirements of modern HPC equipment are met within the building. The current condition of the room cannot support operation of such equipment. These improvements are also time-critical due to additional, already awarded as well as submitted, federal grants which call for the HPC equipment to be placed in the room in the near future. CCAST has recently obtained a no-cost extension from DOE NNSA for the duration of the grant until September, 2013. However, the grant cannot be extended beyond that date and the fund will be lost to NDSU if not used by September 30, 2013.

This upgrade, dictated by the current saturation of the extant power and cooling lines, is absolutely necessary to assure continuation of the growth of the Center for Computationally Assisted Science and Technology (CCAST) at NDSU. Currently CCAST has no ability to add or refresh hardware in its high-performance computing (HPC) facility and without this upgrade, its HPC operations will be severely impeded. The upgrade will make available to NDSU additional 0.5 MW of cooled power and will provide support for CCAST HPC hardware maintenance and expansion for the next five to seven years, consistent with the primary objective and within the scope of the Department of Energy efforts. The upgrades are necessary to support establishment and development of CCAST as well as the growth of the center being funded by federal grants – including both DOE and NSF.

Currently, the grant is also funding the installation of a new Uninterruptable Power Supply (UPS) in the building. This UPS is a standalone system being replaced because of its age, condition and size. The current equipment is too small for present building needs so a new UPS is being installed that is large enough to cover future needs. The renovation costs for installing the UPS are less than \$250,000, excluding FFE.

CONSISTENCY WITH CAMPUS FACILITY MASTER PLAN AND BUDGET

The project directly affects the three traditional principal responsibilities of land-grant universities as stated in the NDSU Campus Master Plan: Teaching – Research – Public Service. The upgrade is necessary to assure continuation of the growth of the Center for Computationally Assisted Science and Technology (CCAST) at NDSU.

SBHE AND/OR LEGISLATIVE HISTORY

None

ESTIMATED TOTAL PURCHASED OR DONATED COSTS	AMOUNT
(ALL costs should be included in the estimate, unless specifically noted otherwise.)	
Planning, Permits and Insurance	\$70,000
(design costs associated with current project, OMB preplanning revolving funds, architect and engineer fees, permits, insurance)	
Land/Building Preparation and Purchase or Donated Costs	\$
(land acquisition and site preparation/development)	
Demolition and Disposal	\$
Construction	\$510,000
(foundation and building construction or renovation, including fixed equipment, landscape, infrastructure and utilities, mechanical and electrical, parking and driveways or roadways)	
Institutional work	\$7,500
(value of work completed by institutional trade staff)	
Contingency	\$72,500
Hazardous Material Abatement	\$
Other, including 3rd party costs (please describe)	\$
SUBTOTAL	\$660,000
Furniture, Fixture and Equipment (FF&E)	\$240,000
TOTAL	\$

No other work, other than that specified within this request, is required for the completion of the project not is other work planned to supplement this project using funding or authority not included within this request.

FUTURE OPERATING/IMPROVEMENT COSTS AND FUNDING SOURCES

Operating costs are estimated at approximately \$4000 per month for utilities in the beginning, which may increase as capacity is increased in the system. Funding will be provided by local and grant/contract funds.

SOURCE AND AVAILABILITY OF FUNDS (INCLUDING FF&E)

Department of Energy’s National Nuclear Security Administration (DOE NNSA) federal grant entitled “Center for High Performance Computing” (Project No. DE-FG52-08NA28921, PI: VPRCATT Philip Boudjouk).

Available budget in the grant as of the end of November, 2012: \$1,655,040

ESTIMATED PROJECT TIMELINE AND COMPLETION DATE

Project to start once approved with a completion of September 30, 2013

SBHE CAPITAL CRITERIA (address each of the criteria below)

- **Project addresses current life, health and safety issues**
N/A
- **Project addresses compliance with local, state or federal law or other requirements**
N/A
- **Project corrects significant deferred maintenance**
N/A
- **Project addresses a critical maintenance need defined by situations which must be addressed, and which, if neglected, could result in substantial damage to the structural integrity of the building**
N/A

- **Project meets a compelling programmatic or accreditation justification consistent with campus mission and strategic goals**

The project is necessary to assure continuation of the growth of the Center for Computationally Assisted Science and Technology (CCAST) at NDSU, the development of high-performance computing (HPC) infrastructure (infrastructure, hardware, and software) and for the development of competencies in computational research (personnel, research programs, and outreach) for NDSU

- **Project has been partially funded by the legislature in a previous biennium, but is not yet complete**

N/A

- **Project is supported by significant outside funding**

Yes, Department of Energy’s National Nuclear Security Administration (DOE NNSA) federal grant entitled “Center for High Performance Computing” (Project No. DE-FG52-08NA28921, PI: VPRCATT Philip Boudjouk).

- **Space will be used to advance a specific program or activity that is a high priority of the state**

Yes, see narrative above.

- **Project addresses an urgent infrastructure need**

Yes, a portion of this funding is directed toward improvements to the specialized computer room in the NDSU RTP R2 building where new CCAST hardware and software infrastructure is scheduled be housed. The improvements are imperative to ensure that necessary power, cooling, fire protection, space and security requirements of modern HPC equipment are met. The current condition of the room cannot support operation of such equipment.

- **Project is consistent with campus master plan and is highly rated by the campus**

The project directly affects the three traditional principal responsibilities of land-grant universities as stated in the NDSU Campus Master Plan: Teaching – Research – Public Service. The upgrade is necessary to assure continuation of the growth of the Center for Computationally Assisted Science and Technology (CCAST) at NDSU.

- **Project is necessary based on clearly demonstrated condition of existing space**

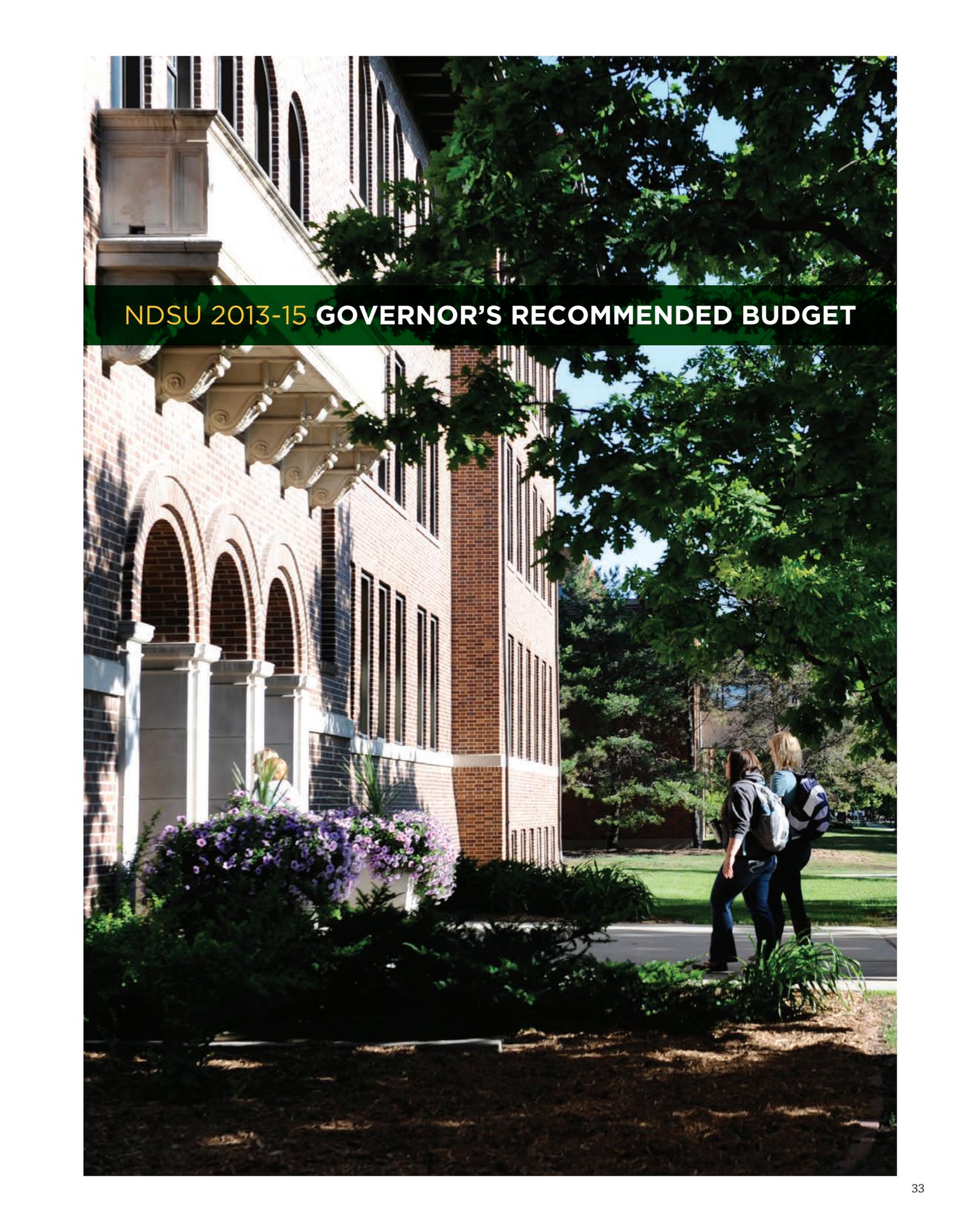
A new UPS is currently being installed but existing cooling capacity is not sufficient to cool the larger demand of new computers, nor is the area set up to handle the new equipment.

- **Project fosters the consolidation of services or enhances operating efficiencies**

The upgrade will make available to NDSU additional 0.5 MW of cooled power and will provide support for CCAST HPC hardware maintenance and expansion for the next five to seven years, consistent with the primary objective and within the scope of the Department of Energy efforts. The upgrades are necessary to support establishment and development of CCAST as well as the growth of the center being funded by federal grants – including both DOE and NSF.

- **Project enables the institution to remove obsolete or unnecessary facilities**

N/A

A photograph of a brick building with arched windows and a walkway with students. The building is made of red brick and has a series of arches supported by white columns. In the foreground, there are green bushes with purple flowers. Two students with backpacks are walking on a paved path in the lower right. The sky is blue and there are green trees in the background.

NDSU 2013-15 GOVERNOR'S RECOMMENDED BUDGET

**NDUS Campuses
Comparison of SBHE General Fund Budget Request
And Executive Recommendation**

	(4)	(5)	(6)
North Dakota State University			
	SBHE 2013-15 Prioritized GF Budget Request	Executive Recommendation	Executive Recommendation Over (Under) Budget Request
2011-13 Adjusted General Fund Appropriation Base Adjustments	\$ 135,666,454 (7,918,905)	\$ 135,666,454 (7,918,905)	\$ - -
2011-13 Adjusted General Fund Appropriation, Net of Base Adjustments	127,747,549	127,747,549	-
SBHE Requested Increases:			
Cost to continue 2012-13 salary and retirement increases	4,193,068		(4,193,068)
Cost to continue FY13 growth in resident positions and medical and allied health students			
Operating inflation	2,421,596		(2,421,596)
Utilities increases (usage, rates & new facilities)	640,771		(640,771)
Regular repair and maintenance	88,333		(88,333)
Security/emergency preparedness	185,000		(185,000)
Statewide nursing consortium			-
State priorities	11,451,875	-	(11,451,875)
Equalization payment - New funding model 1/		6,431,392	6,431,392
Formula payment 2/		12,841,542	12,841,542
Total Requested Increase in GF Base Funding	18,980,643	19,272,934	292,291
Total Base General Fund Request & Recommendation	146,728,192	147,020,483	292,291
2013-15 State-funded Capital Projects	29,600,000	29,600,000	-
Total 2013-15 General Fund Request & Recommendation	\$ 176,328,192	\$ 176,620,483	\$ 292,291

1/ Provides additional base general fund dollars to equalize funding between the campuses within each of the three tiers, (i.e. 2-year campuses, 4-year campuses and research universities), based on the new SCH funding model.

2/ The formula payment includes an increase of 6.15% per year on the annualized GF base (after equalization payment) to fund the "state share" of the cost to continue FY13 salary and retirement increases, operating inflation, utility increases and 2013-15 salary, health insurance & retirement increases. An additional 2.5% provides funding for campus security and student mental health at all campuses except UND and NDSU. At NDSU and UND, an additional .08% is included for the nursing consortium. Taken together, the formula ultimately funds all 2-year campuses at \$117.60 per adjusted student credit hour (ASCH), 4-year campuses at \$110.80/ASCH and the research universities at \$72.70/ASCH.

State share of the costs to continue, as included in the Governors Recommended budget, provides 60% of the total funding necessary. The remaining 40% is provided through student tuition. As calculated by the university system office, NDSU would need an estimated annual tuition increase of 3.94% in order to fund the remaining share of the costs to continue.

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 in recent years solidified its position as one of the state's two flagship research universities. Perhaps more importantly in terms of its capacity to serve the state's interests, 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 \$134.0 million in annual sponsored scholarly research activity reported for the most recent national survey. Those rankings have opened up a steady progression of new partnership and funding opportunities, with other leading universities, private entities, and federal agencies, never before possible for a North Dakota university.

Nonetheless, 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 also hosts the largest and most diverse full-time student enrollment in the state. The University enjoys its location in a vibrant and growing area of the state, and with a growing number of major corporate partners 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 NDSU.

Major Accomplishments

1. Remained the state'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, the two most recognized objective measures of university success.
2. Increased demand by prospective undergraduate students, in spite of efforts in recent years to slow enrollment growth and the necessitated elimination of most marketing budgets, has been reflected in new full time student enrollment records every year for the past 11 years, which in the fall of 2011 reached 14,399 students.
3. Continued improvement in the diversity of the NDSU student body, including in the fall of 2011 a record 1,282 international students representing 88

countries, and an increasing number of U.S. born students reflecting ethnic, cultural and geographical diversity.

4. Continued steadily increasing segments of 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.
5. Set new records with record enrollment of graduate students reaching 2,376 in the fall of 2011.
6. Initiated efforts to improve the 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.
7. Achieved a record 89 percent in student job placement in their major field of study. That success meets and exceeds many of the best universities in the nation.
8. Completed construction of the Beef Cattle Research Center and are nearing completion of the Research Greenhouse Complex's final phase. Both represent "game changing" state of the art facilities, which will draw national and international attention and resources.
9. Continued the 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. Received national and international awards, including the "2010 Outstanding Incubator Graduate of the Year."
10. Enhanced academic computing infrastructure including upgrading the computer fiber network, routing and switching equipment and extending the state's Internet2 connection through the Northern Tier Network.
11. Established NDSU as one of the most successful overall NCAA Division-I athletic programs in the nation, and in the 2011-12 season was tied for most of the year with the University of North Carolina at Chapel Hill and the University of Alabama for the top program in the nation. Early in 2012 the football team won the Division-I national championship, with most other sports going on to post-season league and NCAA championship play.

Executive Budget Recommendation

- Recommends \$29.6 million from the general fund for construction of a STEM Classroom and Laboratory building.
- Provides \$6.4 million from the general fund to equalize funding between the research universities.
- Appropriates \$12.8 million from the general fund for campus operations at \$72.70 per adjusted student credit hour.

12/19/2012

NDUS 2013-15 Major Capital Projects

Comparison of SBHE's Approved Health and Safety Projects Request/Priorities to Executive Recommendation

(1)	(2)	(3)	(4)	(5) (6) (7)			(8)	(9)
	Project Description	Campus	Project Type	2013-15 Request			Deferred Maint Addressed	2013-15 Exec Recommendation
				State	Other	Total		
			A=addition; R=renovation; NC=new construction					
1	Old Gymnasium Replacement & Improvements	MaSU	NC	\$5,800,000		\$5,800,000	\$867,000	\$5,800,000 GF
2	STEM Classroom/Laboratory Building	NDSU	NC	\$29,600,000		\$29,600,000	\$150,000	\$29,600,000 GF
3	Campus Backup Generator	DCB		\$395,600		\$395,600		\$395,600 GF
Total State Funded Health & Safety Ranked Projects Requested				\$35,795,600	\$0	\$35,795,600	\$1,017,000	\$35,795,600 GF

O:\Budget\SHARED\NDSU Biennial Budgets\2013-15 Biennium\Budget Presentations\Book\2013-15 MCP Approved by SBHE with Gov Recommendation.xlsx\HEALTH-SBHE

**NDUS 2013-15 Major Capital Projects
Comparison of SBHE's Approved Other Projects Request/Priorities to Executive Recommendation**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Project Description	Campus	Project Type	2013-15 Request				Deferred Maint Addressed	2013-15 Exec Recommendation	
			State	Other	Total	Other Source			
A=addition; R=renovation; NC=new construction									
Section 1: CAMPUSES - STATE FUNDED RANKED PROJECTS RECOMMENDED FOR INCLUSION IN 2013-15 BUDGET REQUEST									
1	SoMHS Renovation/Addition	UND	A, R, NC	\$38,500,000		\$38,500,000		\$4 - \$10 M	\$68,300,000 GF
2	Communications & Creative Arts Center	BSC	NC	\$20,404,000	\$20,404,000	\$40,808,000	private	\$1,650,000	\$13,300,000 GF
3	Old Main Renovation (including demo of Hektner and Burch)	NDSCS	R	\$8,511,452		\$8,511,452		\$1,842,500	\$8,511,452 GF
4	Renovation of Law School, Incl \$100,000 for space utilization study	UND		\$4,350,000		\$4,350,000		\$240,000	\$12,000,000 GF
5	Systemwide deferred mainteance (\$10 million) + systemwide facility master plan and space utilization study (\$1 million)	System	R	\$11,000,000		\$11,000,000			\$11,000,000 GF
6	Stevens Hall Renovation	WSC	R	\$12,242,478		\$12,242,478		\$3,500,000	\$12,242,478 GF
7	Campus-wide Drainage Improvements	MaSU	R	\$2,267,000		\$2,267,000			\$2,267,000 GF
8	Vangstad Hall Renovation	VCSU	A, R	\$3,636,466		\$3,636,466		\$1,038,774	\$3,636,466 GF
9	Erlandson Tech Center Addn/Renovation	LRSC	A, R	\$5,947,562		\$5,947,562		\$677,790	\$5,947,562 GF
10	Campus Drive	WSC	R	\$1,800,000		\$1,800,000			\$1,800,000 GF
11	Plant Services Building	MISU	A	\$1,821,905	\$678,095	\$2,500,000	\$1,785 local; \$676,310 GF 09-11 Swain Hall carryover		\$1,821,905 GF \$1,785 OF \$676,310 Carryover
	Hillside Slope Failure (Not included in request)	VCSU				\$0			\$505,800 GF \$100,000 OF
	Total State Funded Other Ranked Projects Requested - Campuses			\$110,480,863	\$21,082,095	\$131,562,958		\$8,949,064	\$676,310 Carryover
Section 2: OTHER UNRANKED STATE FUNDED PROJECTS NOT INCLUDED IN 2013-15 BUDGET REQUEST									
	Armory Renovation	BSC	R	\$3,720,000		\$3,720,000		\$1,891,000	
	Student Center Multi-purpose Addition	LRSC	A, R	\$4,380,954		\$4,380,954		\$266,000	
	Ladd/Dunbar Renovation	NDSU	R	\$12,900,000		\$12,900,000		\$5,400,000	
	Crop Quality & Food Science Facility (Harris Hall Replacement)	NDSU	NC	\$20,400,000		\$20,400,000		\$1,900,000	
	Campus Water, Sewer Infrastructure	NDSCS	A	\$9,459,000		\$9,459,000		\$8,759,000	
	Conversion to Geothermal - Area B	MISU	R	\$9,000,000		\$9,000,000			
	W.E. Osmon Fieldhouse Renovation of Academic and Administrative Areas (Phase I)	VCSU	R	\$1,315,790		\$1,315,790		\$523,500	
	Heating System Upgrade - Thatcher Hall	DCB	R	\$810,000		\$810,000			
	Total Other State Funded Projects NOT Included in the Request - Campuses			\$61,985,744	\$0	\$61,985,744		\$18,739,500	\$0

**NDUS 2013-15 Major Capital Projects
Comparison of SBHE's Approved Other Projects Request/Priorities to Executive Recommendation**

(1)	(2) Project Description	(3) Campus	(4) Project Type	(5) 2013-15 Request			(8) Other Source	(9) Deferred Maint Addressed	(10) 2013-15 Exec Recommendation
				State	Other	Total			
				A=addition; R=renovation; NC=new construction					
Section 3: Non-State Funded (Unranked) Projects Recommended for Inclusion in 2013-15 Budget Request									
	Student Housing Facility	UND	NC		\$19,187,262	\$19,187,262	Revenue bonds	\$100,000	\$19,187,262
	Resident Apartment Building (Currently leased)	UND	Buy		\$8,300,000	\$8,300,000	Revenue bonds		\$8,300,000
	COBPA Renovation & Addition (Reauthorization from 2009-11) *	UND	R, A		\$20,500,000	\$20,500,000	Private	\$50,000-\$100,000	\$20,500,000
	Indoor Track and Football Practice Field (Reauthorization from 2009-11) *	UND	NC		\$19,500,000	\$19,500,000	Private/Local		\$19,500,000
	Low Rise Lavatory Renovation - Phase I	NDSU	R		\$1,000,000	\$1,000,000	Local	\$700,000	\$1,000,000
	Memorial Union Food court	NDSU	R		\$975,000	\$975,000	Local		\$975,000
	Low Rise Lavatory Renovation - Phase II	NDSU	R		\$1,030,000	\$1,030,000	Local	\$700,000	\$1,030,000
	Nutrition, Dietetics & Hospitality Lab	NDSU	R		\$750,000	\$750,000	Private		\$750,000
	Sanford Health Athletic Complex-Formerly Bison Sports Arena (Reauthorization of 2007-09 project)	NDSU	R				Private		\$35,404,356
	Football Complex Renovation (Reauthorization & funding source change from 2011-13)	NDSU	R		\$1,350,000	\$1,350,000	Private/local	\$260,000	\$1,350,000
	Renovation of Campus Athletic Facilities	MISU	R		\$11,800,000	\$11,800,000	City sales tax & fundraising		\$11,800,000
	W.E. Osmon Fieldhouse Addition (Phase II)	VCSU	A		\$4,706,837	\$4,706,837	Private		\$4,706,837
	Gross Hall Update	DCB	R		\$732,460	\$732,460	Local		\$732,460
	Mead Hall Update	DCB	R		\$1,171,586	\$1,171,586	Local		\$1,171,586
	Milligan Hall Remodel/Update	DCB	R		\$896,743	\$896,743	Local		\$896,743
	Old Main Remodel	DCB	R		\$4,800,000	\$4,800,000	Private/grants		\$4,800,000
	Total Non-State Funded Projects - Campuses				\$0	\$96,699,888		\$1.8 - \$1.9 million	\$132,104,244
*Note regarding UND's reauthorized projects - The amount and scope of both projects may change, based on the success of fund raising efforts, but the extent is not currently known. The requested reauthorization is the level of funding approved in 2009-11.									
Section 4: EXPERIMENT STATIONS/EXTENSION AND FOREST SERVICE - STATE FUNDED PROJECTS RECOMMENDED FOR INCLUSION IN 2013-15 BUDGET REQUEST									
1	Agronomy Laboratories (CREC, CGREC, HREC & LREC)	NDAES	NC		\$5,925,000	\$0			\$4,300,000 GF
2	Seed Conditioning Plants (CREC, LREC, NCREC & WREC)	NDAES	NC		\$3,470,000	\$0			
3	Livestock Facilities (CREC & HREC)	NDAES	NC, A		\$1,650,000	\$0			
1	Western 4-H Camp, Washburn	Ext.	NC, R		\$950,000	\$950,000	Gifts/donations & grants		\$500,000 GF \$1,400,000 OF
1	Nursery Freezer Conversion & Shop Facility	Forest Service	NC		\$785,000	\$0			\$785,000 GF
	Total State Funded Ranked Projects Requested - Experiment Stations/Extension and Forest Service				\$12,780,000	\$950,000			\$5,585,000 GF \$1,400,000 OF
	TOTAL -NDUS Projects Included in the 2013-15 Budget Request & Executive Recommendation, Including Health/Safety Projects				\$159,056,463	\$118,731,983			\$182,713,263 GF \$133,606,029 OF \$676,310 Carryover



NDSU 2013-15 SENATE AMENDMENTS

Comparison of SBHE General Fund Budget Request to Executive Recommendation & Senate Engrossed SB2003

North Dakota State University				
	SBHE 2013-15 Prioritized GF Budget Request	Executive Recommendation	Senate Adjustments	Engrossed SB's 2003
2011-13 Adjusted General Fund Appropriation Base Adjustments	\$ 135,666,454 (7,918,905)	\$ 135,666,454 (7,918,905)		\$ 135,666,454 (7,918,905)
2011-13 Adjusted General Fund Appropriation, Net of Base Adjustments	127,747,549	127,747,549	-	127,747,549
SBHE Requested Increases:				
Cost to continue 2012-13 salary and retirement increases	4,193,068			-
Cost to continue FY13 growth in resident positions and medical and allied health students				-
Operating inflation	2,421,596			-
Utilities increases (usage, rates & new facilities)	640,771			-
Regular repair and maintenance	88,333			-
Security/emergency preparedness	185,000			-
Statewide nursing consortium				-
State priorities	11,451,875			-
				-
HE Funding Formula (SB2200):				
Equalization payment - New funding model 1/ Formula payment 2/		6,431,392		6,431,392
		12,841,542		12,841,542
Total Requested Increase in GF Base Funding	18,980,643	19,272,934	-	19,272,934
Total Base General Fund Request, Recommendation & Engrossed SB2003	146,728,192	147,020,483	-	147,020,483
One-time Funding:				
Total One-time Recommendation	-	-	-	-
2013-15 State-funded Capital Projects: STEM Classroom Building	29,600,000	29,600,000		29,600,000
Total 2013-15 General Fund Request, Recommendation & Engrossed SB2003	\$ 176,328,192	\$ 176,620,483	\$ -	\$ 176,620,483

1/ Provides additional base general fund dollars to equalize funding between the campuses within each of the three tiers, (i.e. 2-year campuses, 4-year campuses and research universities), based on the new SCH funding model. Because UND was at the highest level of base funding in the research university tier, they received no equalization payment.

2/ The formula payment includes an increase of 6.15% per year on the annualized GF base (after equalization payment) to fund the "state share" of the cost to continue FY13 salary and retirement increases, operating inflation, utility increases and 2013-15 salary, health insurance & retirement increases. An additional 2.5% provides funding for campus security and student mental health at all campuses except UND and NDSU. At NDSU and UND, an additional .08% is included for the nursing consortium. Taken together, the formula ultimately funds all 2-year campuses at \$117.60 per adjusted student credit hour (ASCH), 4-year campuses at \$110.80/ASCH and the research universities at \$72.70/ASCH.

State share of the costs to continue, as included in the Governors Recommended budget, provides 60% of the total funding necessary. The remaining 40% is provided through student tuition. As calculated by the university system office, NDSU would need an estimated annual tuition increase of 3.94% in order to fund the remaining share of the costs to continue.

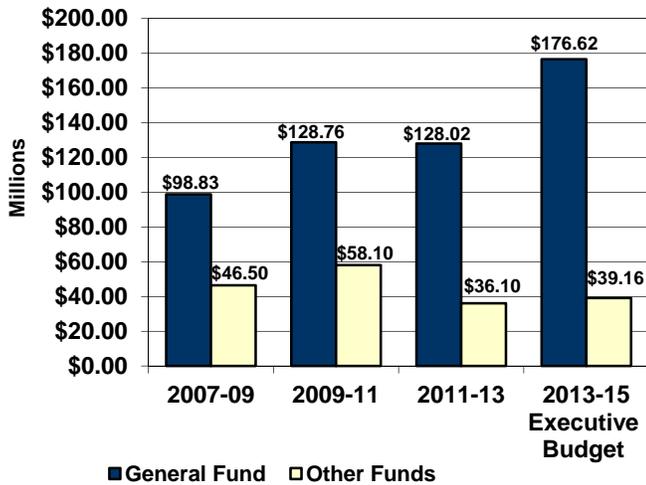
**Department 235 - North Dakota State University
 Senate Bill No. 2003**

	FTE Positions	General Fund	Other Funds	Total
2013-15 Executive Budget	495.21	\$176,620,483	\$39,159,356	\$215,779,839
2011-13 Legislative Appropriations	495.21 ¹	128,020,232	36,100,000	164,120,232 ²
Increase (Decrease)	0.00	\$48,600,251	\$3,059,356	\$51,659,607

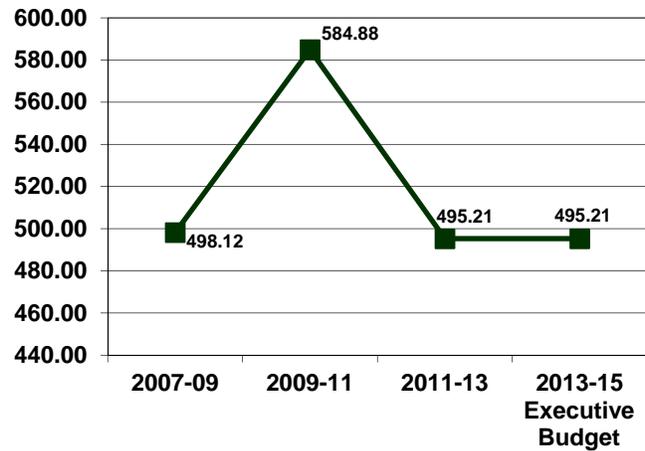
¹The number of FTE positions for the 2011-13 biennium has been adjusted by 89.67, from 584.88 to 495.21, pursuant to Section 13 of 2011 House Bill No. 1003 which authorizes the State Board of Higher Education to adjust FTE positions as needed subject to the availability of funds for institution and entities under its control. The FTE adjustment includes the transfer of 54.50 FTE system information technology positions from the institution to the University System office.

²The 2011-13 biennium legislative appropriations include \$6,005,607 from the general fund for the institution's share of the \$15.2 million equity and student affordability funding pool appropriations to the North Dakota University System office and \$150,000 from the general fund for the institution's share of doctoral program funding appropriated to the University System office.

Agency Funding



FTE Positions



Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2013-15 Executive Budget	\$147,020,483	\$29,600,000	\$176,620,483
2011-13 Legislative Appropriations	127,747,549	272,683	128,020,232
Increase (Decrease)	\$19,272,934	\$29,327,317	\$48,600,251

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Provides funding for a campus equalization payment based on a new student credit-hour funding method	\$6,431,392		\$6,431,392
2. Provides funding for inflationary and initiative adjustments for cost-to-continue items, salary increases, health insurance increases, retirement contribution increases, operating expense increases, and the statewide nursing education consortium initiative	\$12,841,542		\$12,841,542
3. Provides one-time funding for the following capital projects:			
Science, technology, engineering, and mathematics classroom and laboratory building	\$29,600,000		\$29,600,000
Nutrition dietetics and hospitality lab		\$750,000	750,000
Memorial Union food court remodeling		975,000	975,000
Residence hall lavatory renovations - Phase I		1,000,000	1,000,000
Residence hall lavatory renovations - Phase II		1,030,000	1,030,000

Sanford Health athletic complex renovation (reauthorization of project)		35,404,356	35,404,356
Total	\$29,600,000	\$39,159,356	\$68,759,356
4. Removes one-time funding provided in the 2011-13 biennium for capital projects and special assessments payments, including \$272,683 from the general fund for special assessments payments	(\$272,683)	(\$36,100,000)	(\$36,372,683)

Other Sections in Bill

Minard Hall project - Section 7 authorizes North Dakota State University to continue 2007-09 and 2009-11 biennium appropriations for the Minard Hall project into the 2013-15 biennium. The section also requires North Dakota State University 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 16 authorizes the State Board of Higher Education to adjust FTE positions as needed for institutions and entities under its control.

Continuing Appropriations

Special revenue funds - North Dakota Century Code Section 15-10-12 - Provides continuing appropriation authority for higher education institutions' special revenue funds, including tuition, through June 30, 2013. Section 14 of the bill provides an appropriation for all federal, private, and other funds received by institutions during the 2013-15 biennium. The committee may wish to clarify this section to state whether tuition revenue is also intended to be appropriated to institutions.

Significant Audit Findings

The State Auditor's office performance audit of student fees at North Dakota State University and the University of North Dakota included audit findings related to the establishment of student fees and the use of student fee revenue.

Major Related Legislation

Senate Bill No. 2032 - Higher Education Accountability Measures - Requires the University System performance and accountability report to include certain accountability measures

Senate Bill No. 2094 - Mandatory Student Fees - Continues through June 30, 2015, the limitation that mandatory student fees charged to each student at a University System institution may not increase between academic years by more than one percent of the undergraduate resident student tuition rate

13.8153.04000

SECOND ENGROSSMENT

Sixty-third
Legislative Assembly
of North Dakota

REENGROSSED SENATE BILL NO. 2003

Introduced by

Appropriations Committee

(At the request of the Governor)

1 A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota
 2 university system; to provide an appropriation to the state board of higher education for a
 3 settlement payment for the termination of the contract of the commissioner of higher education;
 4 to amend and reenact sections 15-10-47 and 15-62.2-02, subsection 2 of section 15-70-04, and
 5 section 54-44.1-11 of the North Dakota Century Code, relating to construction project variance
 6 reports, student financial assistance grants, tribally controlled community college grants, and
 7 the cancellation of unexpended appropriations; to provide an exemption; to provide for transfer
 8 of funds; to authorize the state board of higher education to issue and sell bonds for capital
 9 projects; to provide for budget section reports; and to declare an emergency.

10 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

11 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
 12 as may be necessary, are appropriated out of any moneys in the general fund in the state
 13 treasury, not otherwise appropriated, and from special funds derived from federal funds and
 14 other income to the North Dakota university system office and to the various entities and
 15 institutions under the supervision of the state board of higher education for the purpose of
 16 defraying the expenses of the North Dakota university system office and to the various entities
 17 for the biennium beginning July 1, 2013, and ending June 30, 2015, as follows:

18 Subdivision 1.

19 NORTH DAKOTA UNIVERSITY SYSTEM OFFICE

		Adjustments or		
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>	
20				
21				
22	Capital assets - Bond payments	\$12,204,769	(\$1,768,724)	\$10,436,045
23	Competitive research program	7,050,000	0	7,050,000
24	System governance	7,349,806	1,527,502	8,877,308

Sixty-third
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1	Title II	1,006,472	0	1,006,472
2	System information technology services	36,006,667	2,786,279	38,792,946
3	Professional liability insurance	800,000	(800,000)	0
4	Student financial assistance grants	19,025,594	2,220,085	21,245,679
5	Professional student exchange program	3,321,438	953,577	4,275,015
6	Academic and technical education	10,000,000	3,700,000	13,700,000
7	scholarships			
8	Two-year campus marketing	800,000	0	800,000
9	Scholars program	2,113,584	0	2,113,584
10	Native American scholarships	574,267	75,000	649,267
11	Tribally controlled community college grants	1,000,000	0	1,000,000
12	Education incentive programs	3,176,344	172,656	3,349,000
13	Deferred maintenance pool	0	10,000,000	10,000,000
14	Student mental health	0	282,520	282,520
15	Education challenge fund	<u>0</u>	<u>30,000,000</u>	<u>30,000,000</u>
16	Total all funds	\$104,428,941	\$49,148,895	\$153,577,836
17	Less estimated income	<u>3,056,229</u>	<u>(756,317)</u>	<u>2,299,912</u>
18	Total general fund	\$101,372,712	\$49,905,212	\$151,277,924
19	Full-time equivalent positions	100.31	0.00	100.31

20 Subdivision 2.

21 BISMARCK STATE COLLEGE

22			Adjustments or	
23		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
24	Operations	\$27,628,314	\$7,368,548	\$34,996,862
25	Capital assets	<u>417,673</u>	<u>13,300,000</u>	<u>13,717,673</u>
26	Total all funds	\$28,045,987	\$20,668,548	\$48,714,535
27	Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>
28	Total general fund	\$28,045,987	\$20,668,548	\$48,714,535
29	Full-time equivalent positions	126.96	4.00	130.96

30 Subdivision 3.

31 LAKE REGION STATE COLLEGE

Sixty-third
Legislative Assembly

		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
1			
2			
3	Operations	\$4,250,594	\$13,254,208
4	Capital assets	<u>155,367</u>	<u>6,102,929</u>
5	Total all funds	\$9,158,981	\$10,198,156
6	Less estimated income	<u>0</u>	<u>0</u>
7	Total general fund	\$9,158,981	\$10,198,156
8	Full-time equivalent positions	40.22	3.00
9	Subdivision 4.		43.22

WILLISTON STATE COLLEGE

		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
11			
12			
13	Operations	\$1,097,278	\$9,946,963
14	Capital assets	<u>197,801</u>	<u>14,240,279</u>
15	Total all funds	\$9,047,486	\$15,139,756
16	Less estimated income	<u>0</u>	<u>0</u>
17	Total general fund	\$9,047,486	\$15,139,756
18	Full-time equivalent positions	44.15	6.00
19	Subdivision 5.		50.15

UNIVERSITY OF NORTH DAKOTA

		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
21			
22			
23	Operations	\$18,447,364	\$158,904,848
24	Capital assets	<u>4,411,566</u>	<u>176,787,262</u>
25	Total all funds	\$144,869,050	\$195,234,626
26	Less estimated income	<u>0</u>	<u>96,487,262</u>
27	Total general fund	\$144,869,050	\$98,747,364
28	Full-time equivalent positions	642.20	0.00
29	Subdivision 6.		642.20

NORTH DAKOTA STATE UNIVERSITY

Sixty-third
Legislative Assembly

		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
1			
2			
3	Operations	\$19,272,934	\$144,288,239
4	Capital assets	<u>69,419,356</u>	<u>72,151,600</u>
5	Total all funds	\$88,692,290	\$216,439,839
6	Less estimated income	<u>0</u>	<u>39,819,356</u>
7	Total general fund	\$48,872,934	\$176,620,483
8	Full-time equivalent positions	0.00	495.21
9	Subdivision 7.		

NORTH DAKOTA STATE COLLEGE OF SCIENCE

		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
11			
12			
13	Operations	\$6,791,805	\$40,978,347
14	Capital assets	<u>9,861,452</u>	<u>10,873,831</u>
15	Total all funds	\$16,653,257	\$51,852,178
16	Less estimated income	<u>0</u>	<u>1,350,000</u>
17	Total general fund	\$15,303,257	\$50,502,178
18	Full-time equivalent positions	1.75	173.62
19	Subdivision 8.		

DICKINSON STATE UNIVERSITY

		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
21			
22			
23	Operations	\$6,290,197	\$28,673,736
24	Capital assets	<u>0</u>	<u>409,078</u>
25	Total all funds	\$6,290,197	\$29,082,814
26	Less estimated income	<u>0</u>	<u>0</u>
27	Total general fund	\$6,290,197	\$29,082,814
28	Full-time equivalent positions	5.00	105.32
29	Subdivision 9.		

MAYVILLE STATE UNIVERSITY

30

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		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
1			
2			
3	Operations	\$2,617,878	\$15,393,666
4	Capital assets	<u>358,992</u>	<u>8,425,992</u>
5	Total all funds	\$13,134,780	\$23,819,658
6	Less estimated income	<u>0</u>	<u>0</u>
7	Total general fund	\$13,134,780	\$23,819,658
8	Full-time equivalent positions	62.78	65.78
9	Subdivision 10.		

MINOT STATE UNIVERSITY

		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
11			
12			
13	Operations	\$9,725,919	\$47,564,893
14	Capital assets	<u>13,623,690</u>	<u>14,523,310</u>
15	Total all funds	\$23,349,609	\$62,088,203
16	Less estimated income	<u>11,801,785</u>	<u>11,801,785</u>
17	Total general fund	\$11,547,824	\$50,286,418
18	Full-time equivalent positions	3.00	204.76
19	Subdivision 11.		

VALLEY CITY STATE UNIVERSITY

		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
21			
22			
23	Operations	\$4,410,281	\$22,105,022
24	Capital assets	<u>9,199,103</u>	<u>9,607,422</u>
25	Total all funds	\$13,609,384	\$31,712,444
26	Less estimated income	<u>4,806,837</u>	<u>4,806,837</u>
27	Total general fund	\$8,802,547	\$26,905,607
28	Full-time equivalent positions	3.00	100.29
29	Subdivision 12.		

DAKOTA COLLEGE AT BOTTINEAU

30			
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Sixty-third
Legislative Assembly

1			Adjustments or	
2		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
3	Operations	\$6,489,750	\$1,886,639	\$8,376,389
4	Capital assets	<u>115,507</u>	<u>8,836,389</u>	<u>8,951,896</u>
5	Total all funds	\$6,605,257	\$10,723,028	\$17,328,285
6	Less estimated income	<u>0</u>	<u>7,600,789</u>	<u>7,600,789</u>
7	Total general fund	\$6,605,257	\$3,122,239	\$9,727,496
8	Full-time equivalent positions	36.12	4.00	40.12
9	Subdivision 13.			
10	UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES			
11			Adjustments or	
12		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
13	Operations	<u>\$47,747,971</u>	<u>\$8,214,806</u>	<u>\$55,962,777</u>
14	Total all funds	\$47,747,971	\$8,214,806	\$55,962,777
15	Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>
16	Total general fund	\$47,747,971	\$8,214,806	\$55,962,777
17	Full-time equivalent positions	156.55	0.00	156.55
18	Subdivision 14.			
19	NORTH DAKOTA FOREST SERVICE			
20			Adjustments or	
21		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
22	Operations	\$5,514,681	\$758,131	\$6,272,812
23	Capital assets	<u>97,791</u>	<u>788,419</u>	<u>886,210</u>
24	Total all funds	\$5,612,472	\$1,546,550	\$7,159,022
25	Less estimated income	<u>1,650,000</u>	<u>0</u>	<u>1,650,000</u>
26	Total general fund	\$3,962,472	\$1,546,550	\$5,509,022
27	Full-time equivalent positions	28.00	1.00	29.00
28	Subdivision 15.			
29	BILL TOTAL			
30			Adjustments or	
31		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>

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1	Grand total all funds	\$611,231,666	\$471,008,500	\$1,082,240,166
2	Grand total special funds	<u>4,706,229</u>	<u>161,109,712</u>	<u>165,815,941</u>
3	Grand total general fund	\$606,525,437	\$309,898,788	\$916,424,225

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO

SIXTY-FOURTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-second legislative assembly for the 2011-13 biennium and the 2013-15 one-time funding items included in the appropriation in section 1 of this Act:

8	<u>One-Time Funding Description</u>	<u>2011-13</u>	<u>2013-15</u>
9	Capital projects - General fund	\$47,136,000	\$167,973,263
10	Capital projects - Other funds	105,065,555	161,866,029
11	Dickinson state university operating funds	900,000	800,000
12	Minot state university flood recovery	0	5,000,000
13	Dakota college at Bottineau - Campus software updates	0	30,000
14	Special assessments payments	819,357	0
15	Mayville state university drainage study	55,000	0
16	UND school of medicine space utilization study	100,000	0
17	Williston state college operating funds	2,000,000	0
18	Emerald ash borer program	250,000	0
19	Deferred maintenance pool	0	10,000,000
20	Education challenge fund	0	30,000,000
21	Health care workforce initiative	<u>0</u>	<u>7,414,806</u>
22	Total all funds	\$156,325,912	\$383,084,098
23	Total other funds	<u>105,065,555</u>	<u>161,866,029</u>
24	Total general fund	\$51,260,357	\$221,218,069

The 2013-15 one-time funding amounts are not a part of the entity's base budget for the 2015-17 biennium. The North Dakota university system shall report to the appropriations committees of the sixty-fourth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2013, and ending June 30, 2015.

SECTION 3. APPROPRIATION - COMMISSIONER OF HIGHER EDUCATION

CONTRACT TERMINATION - LIMITATION - APPLICATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of

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1 \$854,520, or so much of the sum as may be necessary, to the state board of higher education
 2 for the purpose of providing a settlement payment for the termination of the contract of the
 3 commissioner of higher education, for the period beginning with the effective date of this Act
 4 and ending June 30, 2015. The funding provided under this section may be used only for a
 5 settlement payment and is available to the state board of higher education upon the termination
 6 of the contract that was in effect on January 1, 2013, for the commissioner of higher education.
 7 For purposes of this section and the contract of the commissioner of higher education,
 8 "chancellor of the North Dakota university system" means the commissioner of higher education
 9 as provided for under section 6 of article VIII of the Constitution of North Dakota. The office of
 10 management and budget shall reduce the available appropriation provided under this section by
 11 \$35,605 on the first day of each month beginning July 1, 2013, until the contract has been
 12 terminated as provided for in this section. Notwithstanding the provisions of section 54-44.1-11,
 13 the office of management and budget shall cancel any unexpended appropriation provided
 14 under this section thirty days after June 30, 2015.

15 **SECTION 4. AMENDMENT.** Section 15-10-47 of the North Dakota Century Code is
 16 amended and reenacted as follows:

17 **15-10-47. Construction projects at institutions of higher education - Variance reports.**

- 18 1. Whenever any new construction, renovation, or repair, valued at more than two
 19 hundred fifty thousand dollars is underway on the campus of an institution of higher
 20 education under the control of the state board of higher education, the board shall
 21 provide ~~monthly~~semiannual project variance reports to the director of the office of
 22 management and budget. Each report must include:
- 23 a. The name or a description of the project;
 - 24 b. The expenditure authorized by the legislative assembly;
 - 25 c. The amount of the original contract;
 - 26 d. The amount of any change orders;
 - 27 e. The amount of any potential or anticipated change orders;
 - 28 f. The sum of subdivisions c through e and the amount by which that sum varies
 29 from the expenditure authorized by the legislative assembly;
 - 30 g. The total expended for the project to date; and

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- 1 h. The scheduled date of completion as noted in the original contract and the latest
2 available scheduled date of completion.
- 3 2. The state board of higher education also shall provide to the director of the office of
4 management and budget, at the same time as the project variance report required by
5 subsection 1:
- 6 a. A brief description of each change order included in subdivision d of
7 subsection 1; and
- 8 b. A list of each public and nonpublic entity that has a contractually reflected
9 financial obligation with respect to the project.
- 10 3. The office of management and budget shall review the information received under this
11 section and provide reports to the budget section of the legislative management upon
12 request.

13 **SECTION 5. AMENDMENT.** Section 15-62.2-02 of the North Dakota Century Code is
14 amended and reenacted as follows:

15 **15-62.2-02. State board of higher education - Powers and duties.**

16 The state board of higher education shall:

- 17 1. Administer the North Dakota student financial assistance program and the North
18 Dakota scholars program and adopt functional rules regarding the eligibility and
19 selection of grant and scholarship recipients.
- 20 2. Determine the amount of individual grants, which may not exceed one thousand
21 fivesix hundred fifty dollars per recipient per academic year, under the North Dakota
22 student financial assistance program.
- 23 3. For the North Dakota student financial assistance program, adopt criteria for
24 substantial need, based upon the ability of the parents or guardian to contribute
25 toward the applicant's educational expenses.
- 26 4. Establish the appropriate procedures for fiscal control, fund accounting, and necessary
27 reports.
- 28 5. Apply for, receive, expend, and administer granted moneys from federal or private
29 sources.

30 **SECTION 6. AMENDMENT.** Subsection 2 of section 15-70-04 of the North Dakota Century
31 Code is amended and reenacted as follows:

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1 2. If an application is approved, the state board of higher education shall distribute to the
2 tribally controlled community college, during each year of the biennium, an amount
3 equivalent to the most recent per student payment provided in accordance with the
4 Tribally Controlled Colleges and Universities Assistance Act of 1978 [25 U.S.C. 20] for
5 each nonbeneficiary student who is a resident of the state. If the amount appropriated
6 is insufficient to meet the requirements of this section, the board shall prorate the
7 amount to be distributed. The board may distribute no more than one-half of the
8 biennial legislative appropriation provided for grants under this section during the first
9 year of the biennium.

10 **SECTION 7. AMENDMENT.** Section 54-44.1-11 of the North Dakota Century Code is
11 amended and reenacted as follows:

12 **54-44.1-11. (Effective through July 31, 20132015) Office of management and budget to**
13 **cancel unexpended appropriations - When they may continue.**

14 Except as otherwise provided by law, the office of management and budget, thirty days after
15 the close of each biennial period, shall cancel all unexpended appropriations or balances of
16 appropriations after the expiration of the biennial period during which they became available
17 under the law. Unexpended appropriations for the state historical society are not subject to this
18 section and the state historical society shall report on the amounts and uses of funds carried
19 over from one biennium to the appropriations committees of the next subsequent legislative
20 assembly. Unexpended appropriations for the North Dakota university system are not subject to
21 this section and the North Dakota university system shall report on the amounts and uses of
22 funds carried over from one biennium to the next to subsequent appropriations committees of
23 the legislative assembly. The chairmen of the appropriations committees of the senate and
24 house of representatives of the legislative assembly with the office of the budget may continue
25 appropriations or balances in force for not more than two years after the expiration of the
26 biennial period during which they became available upon recommendation of the director of the
27 budget for:

- 28 1. New construction projects.
29 2. Major repair or improvement projects.

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1 3. Purchases of new equipment costing more than ten thousand dollars per unit if it was
2 ordered during the first twelve months of the biennium in which the funds were
3 appropriated.

4 4. The purchase of land by the state on a "contract for deed" purchase if the total
5 purchase price is within the authorized appropriation.

6 5. Purchases by the department of transportation of roadway maintenance equipment
7 costing more than ten thousand dollars per unit if the equipment was ordered during
8 the first twenty-one months of the biennium in which the funds were appropriated.

9 6. Authorized ongoing information technology projects.

10 **(Effective after July 31, 2013~~2015~~) Office of management and budget to cancel**
11 **unexpended appropriations - When they may continue.** The office of management and
12 budget, thirty days after the close of each biennial period, shall cancel all unexpended
13 appropriations or balances of appropriations after the expiration of the biennial period during
14 which they became available under the law. Unexpended appropriations for the state historical
15 society are not subject to this section and the state historical society shall report on the amounts
16 and uses of funds carried over from one biennium to the appropriations committees of the next
17 subsequent legislative assembly. The chairmen of the appropriations committees of the senate
18 and house of representatives of the legislative assembly with the office of the budget may
19 continue appropriations or balances in force for not more than two years after the expiration of
20 the biennial period during which they became available upon recommendation of the director of
21 the budget for:

22 1. New construction projects.

23 2. Major repair or improvement projects.

24 3. Purchases of new equipment costing more than ten thousand dollars per unit if it was
25 ordered during the first twelve months of the biennium in which the funds were
26 appropriated.

27 4. The purchase of land by the state on a "contract for deed" purchase if the total
28 purchase price is within the authorized appropriation.

29 5. Purchases by the department of transportation of roadway maintenance equipment
30 costing more than ten thousand dollars per unit if the equipment was ordered during
31 the first twenty-one months of the biennium in which the funds were appropriated.

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1 6. Authorized ongoing information technology projects.

2 **SECTION 8. SYSTEMWIDE FUNDING POOLS - TRANSFER AUTHORITY.** The following
3 line items contained in subdivision 1 of section 1 of this Act include funding that may be
4 transferred in full or in part during the biennium beginning July 1, 2013, and ending June 30,
5 2015, by the state board of higher education to the institutions and entities under its control
6 based on the recommendations of the commissioner of higher education as follows:

- 7 1. The deferred maintenance funding pool line item includes funding that must be used to
8 address deferred maintenance and other infrastructure needs at institutions.
- 9 2. The education incentive programs line item includes funding that may be allocated to
10 education incentive programs based on program eligibility criteria and the reduction or
11 elimination of specific programs as determined by the board.

12 **SECTION 9. SYSTEM INFORMATION TECHNOLOGY SERVICES - OFFICE**

13 **CONSOLIDATION - BUDGET SECTION REPORT.** Within five years of the completion of the
14 joint information technology building project on the campus of the university of North Dakota, as
15 approved by the sixty-second legislative assembly, the state board of higher education shall
16 consolidate all system information technology services staff offices in the building. The state
17 board of higher education shall provide annual reports to the budget section regarding the
18 status of the consolidation of the system information technology services offices until all offices
19 are consolidated. Effective five years after the completion of the building project, the state board
20 of higher education may not authorize the use of any other office space for system information
21 technology services employees unless the consent of the legislative assembly or the budget
22 section of the legislative management is received to use office space in a different location.

23 **SECTION 10. UNIVERSITY OF NORTH DAKOTA - RESEARCH ENTERPRISE AND**

24 **COMMERCIALIZATION BUILDING PURCHASE - BUDGET SECTION REPORT.** During the
25 biennium beginning July 1, 2013, and ending June 30, 2015, the state board of higher
26 education may enter a purchase and financing agreement or agreements with a private entity
27 and do all things necessary and proper to authorize the purchase of the research enterprise and
28 commercialization building on the campus of the university of North Dakota using donations,
29 gifts, or other funds. The state board of higher education shall provide a report to the budget
30 section if the research enterprise and commercialization building is purchased as provided
31 under this section.

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1 **SECTION 11. MINOT STATE UNIVERSITY - FLOOD RECOVERY FUNDING.** The sum of
2 \$5,000,000 included in the operations line item in subdivision 10 of section 1 of this Act must be
3 used by Minot state university to address housing, budget, and other needs relating to the 2011
4 flood, including capital, as determined by the university.

5 **SECTION 12. NORTH DAKOTA STATE UNIVERSITY - MINARD HALL - BUDGET**

6 **SECTION REPORT.** North Dakota state university may use unspent funding from the
7 \$5,000,000 appropriation received during the biennium beginning July 1, 2007, and ending
8 June 30, 2009, and unspent funding from the \$13,000,000 appropriation received during the
9 biennium beginning July 1, 2009, and ending June 30, 2011, for the Minard hall project, for the
10 biennium beginning July 1, 2013, and ending June 30, 2015. North Dakota state university shall
11 report to the budget section regarding the status of the Minard hall project and may request
12 increased spending authorization from the budget section for the project.

13 **SECTION 13. STUDENT LOAN TRUST FUND.** Subdivision 1 of section 1 of this Act
14 includes the sum of \$1,004,744, or so much of the sum as may be necessary, from the student
15 loan trust fund of which \$465,307 is for the professional student exchange program and
16 \$539,437 is for connectND campus solution positions, for the biennium beginning July 1, 2013,
17 and ending June 30, 2015.

18 **SECTION 14. UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH**

19 **SCIENCES OPERATIONS.** The operations line item in subdivision 5 of section 1 of this Act
20 includes the sum of \$158,904,848, which must be transferred, in part, by the state board of
21 higher education, based on the recommendation of the commissioner of higher education, to
22 the university of North Dakota school of medicine and health sciences for operations consistent
23 with the higher education per student credit-hour funding formula.

24 **SECTION 15. FEDERAL, PRIVATE, AND OTHER FUNDS - APPROPRIATION.** All funds,
25 in addition to those appropriated in section 1 of this Act, from federal, private, and other sources
26 for competitive grants or other funds that the legislative assembly has not indicated the intent to
27 reject, including tuition revenue, received by the institutions and entities under the control of the
28 state board of higher education are appropriated to those institutions and entities, for the
29 biennium beginning July 1,2013, and ending June 30, 2015. All additional funds received under
30 the North Dakota-Minnesota reciprocity agreement during the biennium beginning July 1, 2013,

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1 and ending June 30, 2015, are appropriated to the state board of higher education for
2 reimbursement to institutions under the control of the board.

3 **SECTION 16. TRANSFER AUTHORITY.** If, during the biennium beginning July 1, 2013,
4 and ending June 30, 2015, the state board of higher education determines that funds allocated
5 to operations in section 1 of this Act are needed for capital assets, the board may transfer funds
6 from operations to capital assets. The board shall report any transfer of funds under this section
7 to the office of management and budget.

8 **SECTION 17. FULL-TIME EQUIVALENT POSITION ADJUSTMENTS.** Notwithstanding
9 any other provisions of law, the state board of higher education may adjust full-time equivalent
10 positions as needed, subject to the availability of funds, for institutions and entities under its
11 control during the biennium beginning July 1, 2013, and ending June 30, 2015. The North
12 Dakota university system shall report any adjustments to the office of management and budget
13 before the submission of the 2015-17 biennium budget request.

14 **SECTION 18. BOND ISSUANCE AUTHORIZATION - PURPOSES.** The state board of
15 higher education, in accordance with chapter 15-55, may arrange for the funding of projects
16 authorized in this section, declared to be in the public interest, through the issuance of
17 self-liquidating, tax-exempt evidences of indebtedness under chapter 15-55, beginning with the
18 effective date of this Act and ending June 30, 2015. Evidences of indebtedness issued pursuant
19 to this section are not a general obligation of the state of North Dakota. Any unexpended
20 balance resulting from the proceeds of the evidences of indebtedness must be placed in a
21 sinking fund to be used for the retirement of indebtedness. The evidences of indebtedness may
22 be issued and the proceeds are appropriated in section 1 of this Act for the following capital
23 projects:

24 University of North Dakota - Student housing facility	\$19,187,262
25 University of North Dakota - Wilkerson hall dining center	29,000,000
26 University of North Dakota - Resident apartment building	<u>8,300,000</u>
27 Total special funds	\$56,487,262

28 **SECTION 19. EMERGENCY.** Sections 3 and 18 of this Act and the capital assets and
29 deferred maintenance pool line items contained in section 1 of this Act are declared to be an
30 emergency measure.



NDSU 2013-15 HOUSE AMENDMENTS



Comparison SB2003 General Fund Budget Request

North Dakota State University			
	Senate Engrossed	House Amendments	Including House Amendments SB's 2003
2011-13 Adjusted General Fund Appropriation, Net of Base Adjustments	127,747,549		127,747,549
House Proposed Adjustments:			
Internal Audit & Legal positions moved to system office (4.0 FTE)		(959,328)	(959,328)
Campus Equity Funding payment-as determined by House Approp		7,745,881	7,745,881
Inflation payment-as determined by House Approp		2,709,869	2,709,869
			-
HE Funding Formula (SB2200):			
Equalization payment - New funding model	6,431,392	(6,431,392)	-
Formula payment: as calculated by OMB which includes costs to continue salary and operating utilities	12,841,542	(12,841,542)	-
Total Requested Increase in GF Base Funding	19,272,934	(9,776,512)	9,496,422
Total Base General Fund Request as amended	147,020,483	(9,776,512)	137,243,971
2013-15 State-funded Capital Projects: REMOVE STEM Classroom Building	29,600,000	(29,600,000)	-
Total 2013-15 General Fund Request as amended	\$ 176,620,483	\$ (39,376,512)	\$ 137,243,971

Senate Engrossed:

For NDSU's costs to continue appropriated budget, provides the State share general fund portion at 60% for costs to continue. The Student share or remaining 40% is provided through student tuition. As calculated by the university system office, NDSU would need an estimated annual tuition increase of 3.49% in order to fund the remaining share of the appropriated costs to continue.

House subcommittee proposed amendments:

REMOVED: State Share (60%) of the general fund costs to continue and limited tuition increases to 4% annually, which is approx. equivalent to the 40% student share (3.49%). In order to fund the appropriated costs to continue, tuition estimated annual increase approx. 9.0%.

REMOVED: the STEM Classroom building from NDSU's request and placed in a system office pool for capital projects.

ADDED: Section 15 which requires a 10% match from local or private funds and must be provided by the institution for any approved project that provides for the construction of a new building. If passed, this section would require a 10% match on the STEM building of approx \$3.0M.

ADDED: Section 22 which provides guidelines for the use of pooled capital projects, which reads in part: "The SBHE may not authorize a capital project, to begin until a master plan and space utilization study has been conducted". Athletic facilities have been excluded.

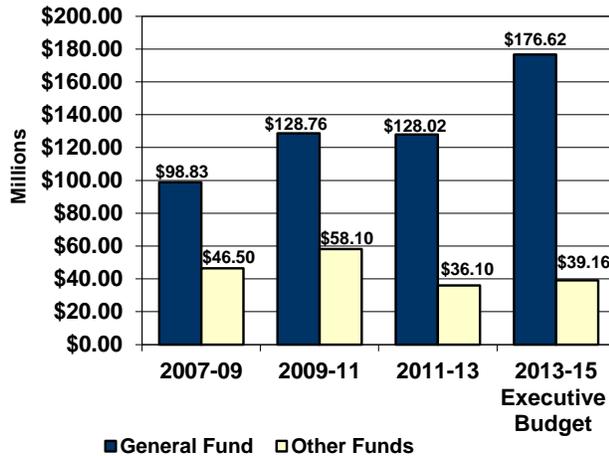
**Department 235 - North Dakota State University
Senate Bill No. 2003**

	FTE Positions	General Fund	Other Funds	Total
2013-15 Executive Budget	495.21	\$176,620,483	\$39,159,356	\$215,779,839
2011-13 Legislative Appropriations	495.21 ¹	128,020,232	36,100,000	164,120,232 ²
Increase (Decrease)	0.00	\$48,600,251	\$3,059,356	\$51,659,607

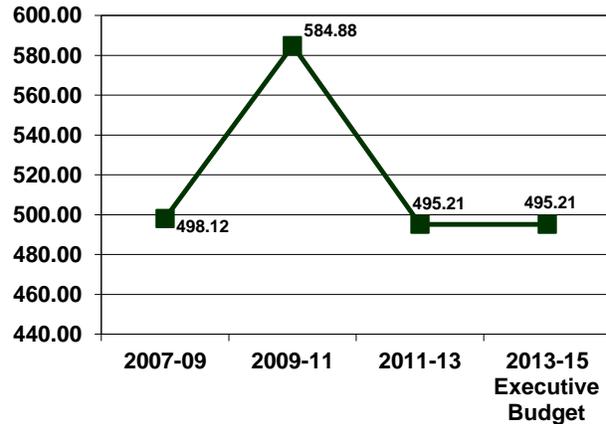
¹The number of FTE positions for the 2011-13 biennium has been adjusted by 89.67, from 584.88 to 495.21, pursuant to Section 13 of 2011 House Bill No. 1003 which authorizes the State Board of Higher Education to adjust FTE positions as needed subject to the availability of funds for institution and entities under its control. The FTE adjustment includes the transfer of 54.50 FTE system information technology positions from the institution to the University System office.

²The 2011-13 biennium legislative appropriations include \$6,005,607 from the general fund for the institution's share of the \$15.2 million equity and student affordability funding pool appropriations to the North Dakota University System office and \$150,000 from the general fund for the institution's share of doctoral program funding appropriated to the University System office.

Agency Funding



FTE Positions



Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2013-15 Executive Budget	\$147,020,483	\$29,600,000	\$176,620,483
2011-13 Legislative Appropriations	127,747,549	272,683	128,020,232
Increase (Decrease)	\$19,272,934	\$29,327,317	\$48,600,251

First House Action

Attached is a summary of the first house changes for the North Dakota University System. The first house did not adjust any of the funding items listed below, which were included in the executive budget for North Dakota State University.

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Provides funding for a campus equalization payment based on a new student credit-hour funding method	\$6,431,392		\$6,431,392
2. Provides funding for inflationary and initiative adjustments for cost-to-continue items, salary increases, health insurance increases, retirement contribution increases, operating expense increases, and the statewide nursing education consortium initiative	\$12,841,542		\$12,841,542
3. Provides one-time funding for the following capital projects:			
Science, technology, engineering, and mathematics classroom and laboratory building	\$29,600,000		\$29,600,000
Nutrition dietetics and hospitality lab		\$750,000	750,000

Memorial Union food court remodeling		975,000	975,000
Residence hall lavatory renovations - Phase I		1,000,000	1,000,000
Residence hall lavatory renovations - Phase II		1,030,000	1,030,000
Sanford Health athletic complex renovation (reauthorization of project)		35,404,356	35,404,356
Total		<u>\$29,600,000</u>	<u>\$68,759,356</u>
4. Removes one-time funding provided in the 2011-13 biennium for capital projects and special assessments payments, including \$272,683 from the general fund for special assessments payments		(\$272,683)	(\$36,372,683)

Other Sections in Bill

Unexpended appropriation carryover authority - Section 7 amends North Dakota Century Code Section 54-44.1-11 to extend the authority of the University System to carry over unexpended appropriations at the end of a biennium.

Funding pools transfer authority - Section 8 authorizes the State Board of Higher Education to transfer funds to institutions from the deferred maintenance funding pool and the education incentive programs line item.

Minard Hall project - Section 12 authorizes North Dakota State University to continue 2007-09 and 2009-11 biennium appropriations for the Minard Hall project into the 2013-15 biennium. The section also requires North Dakota State University to provide reports on the status of the project to Budget Section.

Transfer authority - Section 16 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.

Continuing Appropriations

Special revenue funds - Section 15-10-12 - Provides continuing appropriation authority for higher education institutions' special revenue funds, including tuition, through June 30, 2013. Section 15 of the bill provides an appropriation for all federal, private, and other funds received by institutions during the 2013-15 biennium, including tuition revenue.

Significant Audit Findings

The State Auditor's office performance audit of student fees at North Dakota State University and the University of North Dakota included audit findings related to the establishment of student fees and the use of student fee revenue.

Major Related Legislation

Senate Bill No. 2032 - Higher education accountability measures - Requires the University System performance and accountability report to include certain accountability measures

Senate Bill No. 2094 - Mandatory student fees - Continues on a permanent basis the limitation that mandatory student fees charged to each student at a University System institution may not increase between academic years by more than one percent of the undergraduate resident student tuition rate

Senate Bill No. 2200 - Higher education funding method - Implements a per credit-hour funding method to provide general fund appropriations for the operations of University System institutions

13.8153.05000

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**SECOND ENGROSSMENT
with House Amendments
REENGROSSED SENATE BILL NO. 2003**

Introduced by

Appropriations Committee

(At the request of the Governor)

1 A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota
2 university system; to create and enact six new sections to chapter 15-10 of the North Dakota
3 Century Code, relating to provisions of matching grants for the advancement of postsecondary
4 academics; to amend and reenact sections 15-10-47, 15-52-01, 15-52-03, 15-52-04, 15-52-05,
5 15-52-09, 15-52-31, and 15-62.2-02, subsection 2 of section 15-70-04, and section 54-44.1-11
6 of the North Dakota Century Code, relating to construction project variance reports, the state
7 medical center, student financial assistance grants, tribally controlled community college grants,
8 and the cancellation of unexpended appropriations; to provide an exemption; to provide for
9 transfer of funds; to authorize the state board of higher education to issue and sell bonds for
10 capital projects; to provide for budget section reports; to provide for a legislative management
11 report; to provide an expiration date; and to declare an emergency.

12 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

13 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
14 as may be necessary, are appropriated out of any moneys in the general fund in the state
15 treasury, not otherwise appropriated, and from special funds derived from federal funds and
16 other income to the North Dakota university system office and to the various entities and
17 institutions under the supervision of the state board of higher education for the purpose of
18 defraying the expenses of the North Dakota university system office and to the various entities
19 for the biennium beginning July 1, 2013, and ending June 30, 2015, as follows:

20 Subdivision 1.

21 NORTH DAKOTA UNIVERSITY SYSTEM OFFICE

		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
22			
23			
24	Capital assets - bond payments	\$12,204,769	(\$1,768,724) \$10,436,045

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1	Competitive research program	7,050,000	0	7,050,000
2	System governance	7,349,806	4,400,363	11,750,169
3	Title II	1,006,472	0	1,006,472
4	System information technology services	36,006,667	2,375,831	38,382,498
5	Professional liability insurance	800,000	(800,000)	0
6	Student financial assistance grants	19,025,594	2,220,085	21,245,679
7	Professional student exchange program	3,321,438	953,577	4,275,015
8	Academic and technical education	10,000,000	3,700,000	13,700,000
9	scholarships			
10	Two-year campus marketing	800,000	0	800,000
11	Scholars program	2,113,584	0	2,113,584
12	Native American scholarships	574,267	75,000	649,267
13	Tribally controlled community college grants	1,000,000	0	1,000,000
14	Education incentive programs	3,176,344	172,656	3,349,000
15	Deferred maintenance pool	0	10,000,000	10,000,000
16	Master plan and space utilization study	0	1,000,000	1,000,000
17	Student mental health	0	282,520	282,520
18	Education challenge fund	0	30,000,000	30,000,000
19	Campus security pool	0	2,500,000	2,500,000
20	Performance funding pool	0	5,000,000	5,000,000
21	Capital projects pool	<u>0</u>	<u>176,000,000</u>	<u>176,000,000</u>
22	Total all funds	\$104,428,941	\$236,111,308	\$340,540,249
23	Less estimated income	<u>3,056,229</u>	<u>15,243,683</u>	<u>18,299,912</u>
24	Total general fund	\$101,372,712	\$220,867,625	\$322,240,337
25	Full-time equivalent positions	100.31	12.60	112.91
26	Subdivision 2.			
27	BISMARCK STATE COLLEGE			
28			Adjustments or	
29		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
30	Operations	\$27,628,314	\$3,577,868	\$31,206,182
31	Capital assets	<u>417,673</u>	<u>6,000,000</u>	<u>6,417,673</u>

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1	Total all funds	\$28,045,987	\$9,577,868	\$37,623,855
2	Less estimated income	<u>0</u>	<u>6,600,000</u>	<u>6,600,000</u>
3	Total general fund	\$28,045,987	\$2,977,868	\$31,023,855
4	Full-time equivalent positions	126.96	0.00	126.96
5	Subdivision 3.			

LAKE REGION STATE COLLEGE

7			Adjustments or	
8		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
9	Operations	\$9,003,614	\$2,588,035	\$11,591,649
10	Capital assets	<u>155,367</u>	<u>0</u>	<u>155,367</u>
11	Total all funds	\$9,158,981	\$2,588,035	\$11,747,016
12	Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>
13	Total general fund	\$9,158,981	\$2,588,035	\$11,747,016
14	Full-time equivalent positions	40.22	0.00	40.22
15	Subdivision 4.			

WILLISTON STATE COLLEGE

17			Adjustments or	
18		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
19	Operations	\$8,849,685	\$839,482	\$9,689,167
20	Capital assets	<u>197,801</u>	<u>0</u>	<u>197,801</u>
21	Total all funds	\$9,047,486	\$839,482	\$9,886,968
22	Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>
23	Total general fund	\$9,047,486	\$839,482	\$9,886,968
24	Full-time equivalent positions	44.15	0.00	44.15
25	Subdivision 5.			

UNIVERSITY OF NORTH DAKOTA

27			Adjustments or	
28		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
29	Operations	\$140,457,484	\$4,458,585	\$144,916,069
30	Capital assets	<u>4,411,566</u>	<u>97,237,262</u>	<u>101,648,828</u>
31	Total all funds	\$144,869,050	\$101,695,847	\$246,564,897

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1	Less estimated income	<u>0</u>	<u>96,487,262</u>	<u>96,487,262</u>
2	Total general fund	\$144,869,050	\$5,208,585	\$150,077,635
3	Full-time equivalent positions	642.20	(8.60)	633.60
4	Subdivision 6.			
5	NORTH DAKOTA STATE UNIVERSITY			
6			Adjustments or	
7		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
8	Operations	\$125,015,305	\$9,496,422	\$134,511,727
9	Capital assets	<u>2,732,244</u>	<u>39,819,356</u>	<u>42,551,600</u>
10	Total all funds	\$127,747,549	\$49,315,778	\$177,063,327
11	Less estimated income	<u>0</u>	<u>39,819,356</u>	<u>39,819,356</u>
12	Total general fund	\$127,747,549	\$9,496,422	\$137,243,971
13	Full-time equivalent positions	495.21	(4.00)	491.21
14	Subdivision 7.			
15	NORTH DAKOTA STATE COLLEGE OF SCIENCE			
16			Adjustments or	
17		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
18	Operations	\$34,186,542	\$1,585,812	\$35,772,354
19	Capital assets	<u>1,012,379</u>	<u>1,350,000</u>	<u>2,362,379</u>
20	Total all funds	\$35,198,921	\$2,935,812	\$38,134,733
21	Less estimated income	<u>0</u>	<u>1,350,000</u>	<u>1,350,000</u>
22	Total general fund	\$35,198,921	\$1,585,812	\$36,784,733
23	Full-time equivalent positions	171.87	0.00	171.87
24	Subdivision 8.			
25	DICKINSON STATE UNIVERSITY			
26			Adjustments or	
27		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
28	Operations	\$22,383,539	\$3,084,221	\$25,467,760
29	Capital assets	<u>409,078</u>	<u>0</u>	<u>409,078</u>
30	Total all funds	\$22,792,617	\$3,084,221	\$25,876,838
31	Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>

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1	Total general fund	\$22,792,617	\$3,084,221	\$25,876,838
2	Full-time equivalent positions	100.32	0.00	100.32
3	Subdivision 9.			

MAYVILLE STATE UNIVERSITY

5			Adjustments or	
6		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
7	Operations	\$12,775,788	\$931,742	\$13,707,530
8	Capital assets	<u>358,992</u>	<u>0</u>	<u>358,992</u>
9	Total all funds	\$13,134,780	\$931,742	\$14,066,522
10	Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>
11	Total general fund	\$13,134,780	\$931,742	\$14,066,522
12	Full-time equivalent positions	62.78	0.00	62.78
13	Subdivision 10.			

MINOT STATE UNIVERSITY

15			Adjustments or	
16		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
17	Operations	\$37,838,974	\$2,073,490	\$39,912,464
18	Capital assets	<u>899,620</u>	<u>11,801,785</u>	<u>12,701,405</u>
19	Total all funds	\$38,738,594	\$13,875,275	\$52,613,869
20	Less estimated income	<u>0</u>	<u>11,801,785</u>	<u>11,801,785</u>
21	Total general fund	\$38,738,594	\$2,073,490	\$40,812,084
22	Full-time equivalent positions	201.76	0.00	201.76
23	Subdivision 11.			

VALLEY CITY STATE UNIVERSITY

25			Adjustments or	
26		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
27	Operations	\$17,694,741	\$2,000,411	\$19,695,152
28	Capital assets	<u>408,319</u>	<u>4,806,837</u>	<u>5,215,156</u>
29	Total all funds	\$18,103,060	\$6,807,248	\$24,910,308
30	Less estimated income	<u>0</u>	<u>4,806,837</u>	<u>4,806,837</u>

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1	Total general fund	\$18,103,060	\$2,000,411	\$20,103,471
2	Full-time equivalent positions	97.29	0.00	97.29
3	Subdivision 12.			
4	DAKOTA COLLEGE AT BOTTINEAU			
5			Adjustments or	
6		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
7	Operations	\$6,489,750	\$833,843	\$7,323,593
8	Capital assets	115,507	7,600,789	7,716,296
9	Total all funds	\$6,605,257	\$8,434,632	\$15,039,889
10	Less estimated income	0	7,600,789	7,600,789
11	Total general fund	\$6,605,257	\$833,843	\$7,439,100
12	Full-time equivalent positions	36.12	0.00	36.12
13	Subdivision 13.			
14	UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES			
15			Adjustments or	
16		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
17	Operations	\$47,747,971	\$8,214,806	\$55,962,777
18	Total all funds	\$47,747,971	\$8,214,806	\$55,962,777
19	Less estimated income	0	0	0
20	Total general fund	\$47,747,971	\$8,214,806	\$55,962,777
21	Full-time equivalent positions	156.55	0.00	156.55
22	Subdivision 14.			
23	NORTH DAKOTA FOREST SERVICE			
24			Adjustments or	
25		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
26	Operations	\$5,514,681	\$686,643	\$6,201,324
27	Capital assets	97,791	788,419	886,210
28	Total all funds	\$5,612,472	\$1,475,062	\$7,087,534
29	Less estimated income	1,650,000	0	1,650,000
30	Total general fund	\$3,962,472	\$1,475,062	\$5,437,534
31	Full-time equivalent positions	28.00	1.00	29.00

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1 Subdivision 15.

2		BILL TOTAL		
3			Adjustments or	
4		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
5	Grand total all funds	\$611,231,666	\$445,887,116	\$1,057,118,782
6	Grand total special funds	<u>4,706,229</u>	<u>183,709,712</u>	<u>188,415,941</u>
7	Grand total general fund	\$606,525,437	\$262,177,404	\$868,702,841

8 **SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO**

9 **SIXTY-FOURTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time

10 funding items approved by the sixty-second legislative assembly for the 2011-13 biennium and
11 the 2013-15 one-time funding items included in the appropriation in section 1 of this Act:

12	<u>One-Time Funding Description</u>	<u>2011-13</u>	<u>2013-15</u>
13	Capital projects - general fund	\$47,136,000	\$1,535,000
14	Capital projects - other funds	105,065,555	167,866,029
15	Capital projects funding pool - general fund	0	160,000,000
16	Capital projects funding pool - other funds	0	16,000,000
17	Dickinson state university operating funds	900,000	800,000
18	Minot state university flood recovery	0	2,000,000
19	Special assessments payments	819,357	0
20	Mayville state university drainage study	55,000	0
21	UND school of medicine space utilization study	100,000	0
22	Williston state college operating funds	2,000,000	1,000,000
23	Emerald ash borer program	250,000	0
24	Deferred maintenance pool	0	10,000,000
25	Education challenge fund	0	30,000,000
26	Health care workforce initiative	0	7,414,806
27	Master plan and space utilization study	<u>0</u>	<u>1,000,000</u>
28	Total all funds	\$156,325,912	\$397,615,835
29	Total other funds	<u>105,065,555</u>	<u>183,866,029</u>
30	Total general fund	\$51,260,357	\$213,749,806

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1 The 2013-15 one-time funding amounts are not a part of the entity's base budget for the
2 2015-17 biennium. The North Dakota university system shall report to the appropriations
3 committees of the sixty-fourth legislative assembly on the use of this one-time funding for the
4 biennium beginning July 1, 2013, and ending June 30, 2015.

5 **SECTION 3. AMENDMENT.** Section 15-10-47 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **15-10-47. Construction projects at institutions of higher education - Variance reports.**

- 8 1. Whenever any new construction, renovation, or repair, valued at more than two
9 hundred fifty thousand dollars is underway on the campus of an institution of higher
10 education under the control of the state board of higher education, the board shall
11 provide ~~monthly~~semiannual project variance reports to the director of the office of
12 management and budget. Each report must include:
 - 13 a. The name or a description of the project;
 - 14 b. The expenditure authorized by the legislative assembly;
 - 15 c. The amount of the original contract;
 - 16 d. The amount of any change orders;
 - 17 e. The amount of any potential or anticipated change orders;
 - 18 f. The sum of subdivisions c through e and the amount by which that sum varies
19 from the expenditure authorized by the legislative assembly;
 - 20 g. The total expended for the project to date; and
 - 21 h. The scheduled date of completion as noted in the original contract and the latest
22 available scheduled date of completion.
- 23 2. The state board of higher education also shall provide to the director of the office of
24 management and budget, at the same time as the project variance report required by
25 subsection 1:
 - 26 a. A brief description of each change order included in subdivision d of
27 subsection 1; and
 - 28 b. A list of each public and nonpublic entity that has a contractually reflected
29 financial obligation with respect to the project.

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1 3. The office of management and budget shall review the information received under this
2 section and provide reports to the budget section of the legislative management upon
3 request.

4 **SECTION 4.** A new section to chapter 15-10 of the North Dakota Century Code is created
5 and enacted as follows:

6 **Advancement of academics - Matching grants - University of North Dakota and North**
7 **Dakota state university.**

8 1. a. During the period beginning July 1, 2013, and ending December 31, 2014, the
9 state board of higher education shall award one dollar in matching grants for
10 every two dollars raised by the institutional foundations of the university of North
11 Dakota and North Dakota state university for projects dedicated exclusively to the
12 advancement of academics.

13 b. To be eligible for a matching grant, an institution must demonstrate that:

14 (1) Its foundation has raised at least fifty thousand dollars in cash or monetary
15 pledges for a qualifying project; and

16 (2) The project has been approved by the grant review committee established
17 in section 7 of this Act.

18 c. The board may award up to ten million dollars in matching grants to each
19 institution.

20 2. a. If any available dollars have not been awarded by the board before January 1,
21 2015, in accordance with subsection 1, either the university of North Dakota or
22 North Dakota state university may apply for an additional matching grant.

23 b. An application submitted under this subsection must meet the same criteria as an
24 original application.

25 c. The board shall consider each application submitted under this subsection in
26 chronological order.

27 d. If the remaining dollars are insufficient to provide a matching grant in the amount
28 of one dollar for every two dollars raised by the institutional foundation, the board
29 shall award a lesser amount.

30 **SECTION 5.** A new section to chapter 15-10 of the North Dakota Century Code is created
31 and enacted as follows:

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1 **Liability for pledged amount.**

2 If the state board of higher education provides grant funds under this Act to an institution on
3 the basis of a monetary pledge and if the amount forthcoming is less than the amount pledged,
4 the institutional foundation is liable to the institution for any shortfall.

5 **SECTION 7.** A new section to chapter 15-10 of the North Dakota Century Code is created
6 and enacted as follows:

7 **Grant review committee.**

- 8 1. There is created a grant review committee consisting of:
- 9 a. The governor, or the governor's designee, who shall serve as the chairman;
10 b. Two members of the house of representatives appropriations committee,
11 selected by the majority leader of the house of representatives;
12 c. Two members of the senate appropriations committee, selected by the majority
13 leader of the senate;
14 d. Two members appointed by the governor, with the consent of the legislative
15 management; and
16 e. Two members appointed by the state board of higher education, with the consent
17 of the legislative management.
- 18 2. The gubernatorial appointees must have an understanding of higher education's role
19 in advancing agriculture, the arts, commerce and finance, manufacturing, mineral
20 extraction, natural resources, and the professions.
- 21 3. The grant review committee shall establish its rules of operation and procedure and
22 shall develop and publish the criteria upon which all requests for matching grants will
23 be reviewed.
- 24 4. A request for a matching grant must be presented to the committee by the president of
25 the institution. The president may be accompanied by other individuals having an
26 expertise with respect to the project.

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

29 **Grant review committee - Compensation.**

30 Each member of the grant review committee is entitled to receive compensation in the
31 amount of one hundred thirty-five dollars per day plus reimbursement for expenses as provided

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1 by law for state officers if the member is attending meetings or performing duties directed by the
 2 committee. The compensation provided for in this section may not be paid to any member of the
 3 committee who receives a salary or other compensation as an employee or official of this state
 4 if the individual is serving on the committee by virtue of the individual's state office or state
 5 employment.

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

8 **Definition.**

9 For purposes of this Act, projects dedicated to the advancement of enhanced academics
 10 include investments in research, scholarships, technology, endowed chairs, and investments in
 11 educational infrastructure, including new capital construction projects that conform with the
 12 university system campus master plan and space utilization study.

13 **SECTION 10. AMENDMENT.** Section 15-52-01 of the North Dakota Century Code is
 14 amended and reenacted as follows:

15 **15-52-01. School of medicine and health sciences.**

16 The primary purpose of the university of North Dakota school of medicine and health
 17 sciences is to educate physicians and other health professionals for subsequent service in
 18 North Dakota and to enhance the quality of life in ~~North Dakota~~ of its people. Other purposes
 19 include the discovery of knowledge that benefits the people of this state and enhances the
 20 quality of their lives.

21 **SECTION 11. AMENDMENT.** Section 15-52-03 of the North Dakota Century Code is
 22 amended and reenacted as follows:

23 **15-52-03. School of medicine and health sciences advisory council - Members, terms,**
 24 **meetings.**

- 25 1. To assure the proper coordination of the university of North Dakota school of medicine
 26 and health sciences with all other health activities of the state, a permanent school of
 27 medicine and health sciences advisory council is established to perform the duties in
 28 section 15-52-04.
- 29 2. The council consists of fifteen members:

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1 **15-52-04. Duties of council.**

- 2 1. The advisory council, in consultation with the school of medicine and health sciences
3 and the other agencies, associations, and institutions represented on the advisory
4 council, shall study and make recommendations regarding the strategic plan,
5 programs, and facilities of the school of medicine and health sciences in support of its
6 purpose as defined in section 15-52-01.
- 7 2. Biennially, the advisory council shall submit a report, together with its
8 recommendations, to the agencies, associations, and institutions represented on the
9 advisory council, to the university of North Dakota, and to the legislative council.
- 10 3. a. The report must describe the advisory council's recommendations regarding the
11 strategic plan, programs, and facilities of the school of medicine and health
12 sciences as developed under subsection 1. The recommendations for
13 implementing strategies through the school of medicine and health sciences or
14 other agencies and institutions must:
- 15 (1) Address the health care needs of the people of the state; ~~and~~
16 (2) Provide information regarding the state's health care workforce needs; and
17 (3) Provide information that specifies the contributions that the university of
18 North Dakota school of medicine and health sciences and the residency
19 training programs in the state are making to meet the health care provider
20 workforce needs of the state. Such information must include data regarding:
- 21 (a) The effectiveness of activities conducted throughout the state relating
22 to the recruitment and progression of students into medical school
23 and into the health care provider workforce;
- 24 (b) Class characteristics of the medical school matriculants, specifically to
25 include a description of their geographic background;
- 26 (c) Residency choices of medical school graduates;
- 27 (d) Practice location choices of graduates of North Dakota residencies;
28 and
- 29 (e) Any other relevant information that the university of North Dakota
30 school of medicine and health sciences advisory council determines
31 to be important and useful in assessing the degree of success of the

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1 university of North Dakota school of medicine and health sciences in
2 meeting the health care workforce needs of the state as specified in
3 section 15-52-01.

- 4 b. The recommendations required under subdivision a may address:
- 5 (1) Medical education and training;
- 6 (2) The recruitment and retention of physicians and other health care
7 professionals;
- 8 (3) Factors influencing the practice environment for physicians and other health
9 care professionals;
- 10 (4) Access to health care;
- 11 (5) Patient safety;
- 12 (6) The quality of health care and the efficiency of its delivery; and
- 13 (7) Financial challenges in the delivery of health care.

14 4. The council may consult with any individual or entity in performing its duties under this
15 section.

16 **SECTION 13. AMENDMENT.** Section 15-52-05 of the North Dakota Century Code is
17 amended and reenacted as follows:

18 **15-52-05. Facilities.**

19 The university authorities shall make the facilities of the university of North Dakota school of
20 medicine and health sciences available to all agencies of the state, federal, and local
21 governments engaged in health and welfare activities to the fullest extent possible within the
22 limits of a complete and coordinated program for the use thereof on terms commensurate with
23 the cost of services rendered and facilities furnished. The work of the school of medicine and
24 health sciences must be coordinated with the work of the other departments of the university of
25 North Dakota. Means must be provided whereby regularly enrolled students in other schools or
26 departments of the university of North Dakota may, upon approval of the dean of such other
27 school or department, enroll in elective courses in the medical school and receive credit therefor
28 in the school or department in which they are regularly enrolled, subject to such policy and
29 procedures as may be established by the university of North Dakota and the state board of
30 higher education. Medical students may enroll in other departments and schools. Such action
31 must be taken as may serve to make both the school of medicine and health sciences and the

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1 other departments and schools of the university of North Dakota more efficient and responsive
2 to needs of the people through the mutual interchange of facilities, and service, wherever
3 possible.

4 **SECTION 14. AMENDMENT.** Section 15-52-09 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **15-52-09. Expenditure of proceeds of one-mill levy authorized - Limitation.**

7 The proceeds of the one-mill tax levy established by section 10 of article X of the
8 Constitution of North Dakota, together with any other funds that may be received by the state
9 treasurer, from time to time, for the benefit of the ~~North Dakota state medical center~~university of
10 North Dakota school of medicine and health sciences, must be expended to establish, develop,
11 and maintain the university of North Dakota school of medicine and health sciences, as
12 provided in this chapter, by the issuance of state warrants drawn on such funds by the director
13 of the office of management and budget.

14 **SECTION 15. AMENDMENT.** Section 15-52-31 of the North Dakota Century Code is
15 amended and reenacted as follows:

16 **15-52-31. Admission of students - Qualifications.**

17 The faculty of the school of medicine and health sciences at the university of North Dakota
18 may, with the advice of the school of medicine and health sciences advisory council and with
19 the approval of the state board of higher education and in accordance with applicable
20 accreditation requirements as specified by the liaison committee on medical education, adopt
21 such rules and regulations governing the education and residency qualifications of applicants
22 for admission to the school of medicine and health sciences as it deems necessary and proper
23 to carry out its purpose as provided in section 15-52-01.

24 **SECTION 16. AMENDMENT.** Section 15-62.2-02 of the North Dakota Century Code is
25 amended and reenacted as follows:

26 **15-62.2-02. State board of higher education - Powers and duties.**

27 The state board of higher education shall:

- 28 1. Administer the North Dakota student financial assistance program and the North
29 Dakota scholars program and adopt functional rules regarding the eligibility and
30 selection of grant and scholarship recipients.

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- 1 2. Determine the amount of individual grants, which may not exceed one thousand
2 ~~fivesix~~ hundred ~~fifty~~ dollars per recipient per academic year, under the North Dakota
3 student financial assistance program.
- 4 3. For the North Dakota student financial assistance program, adopt criteria for
5 substantial need, based upon the ability of the parents or guardian to contribute
6 toward the applicant's educational expenses.
- 7 4. Establish the appropriate procedures for fiscal control, fund accounting, and necessary
8 reports.
- 9 5. Apply for, receive, expend, and administer granted moneys from federal or private
10 sources.

11 **SECTION 17. AMENDMENT.** Subsection 2 of section 15-70-04 of the North Dakota
12 Century Code is amended and reenacted as follows:

- 13 2. If an application is approved, the state board of higher education shall distribute to the
14 tribally controlled community college, during each year of the biennium, an amount
15 equivalent to the most recent per student payment provided in accordance with the
16 Tribally Controlled Colleges and Universities Assistance Act of 1978 [25 U.S.C. 20] for
17 each nonbeneficiary student who is a resident of the state. If the amount appropriated
18 is insufficient to meet the requirements of this section, the board shall prorate the
19 amount to be distributed. The board may distribute no more than one-half of the
20 biennial legislative appropriation provided for grants under this section during the first
21 year of the biennium.

22 **SECTION 18. AMENDMENT.** Section 54-44.1-11 of the North Dakota Century Code is
23 amended and reenacted as follows:

24 **54-44.1-11. (Effective through July 31, ~~2013~~2015) Office of management and budget to**
25 **cancel unexpended appropriations - When they may continue.**

26 Except as otherwise provided by law, the office of management and budget, thirty days after
27 the close of each biennial period, shall cancel all unexpended appropriations or balances of
28 appropriations after the expiration of the biennial period during which they became available
29 under the law. Unexpended appropriations for the state historical society are not subject to this
30 section and the state historical society shall report on the amounts and uses of funds carried
31 over from one biennium to the appropriations committees of the next subsequent legislative

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1 assembly. Unexpended appropriations for the North Dakota university system are not subject to
 2 this section and the North Dakota university system shall report on the amounts and uses of
 3 funds carried over from one biennium to the next to subsequent appropriations committees of
 4 the legislative assembly. The chairmen of the appropriations committees of the senate and
 5 house of representatives of the legislative assembly with the office of the budget may continue
 6 appropriations or balances in force for not more than two years after the expiration of the
 7 biennial period during which they became available upon recommendation of the director of the
 8 budget for:

- 9 1. New construction projects.
- 10 2. Major repair or improvement projects.
- 11 3. Purchases of new equipment costing more than ten thousand dollars per unit if it was
 12 ordered during the first twelve months of the biennium in which the funds were
 13 appropriated.
- 14 4. The purchase of land by the state on a "contract for deed" purchase if the total
 15 purchase price is within the authorized appropriation.
- 16 5. Purchases by the department of transportation of roadway maintenance equipment
 17 costing more than ten thousand dollars per unit if the equipment was ordered during
 18 the first twenty-one months of the biennium in which the funds were appropriated.
- 19 6. Authorized ongoing information technology projects.

20 **(Effective after July 31, 2013-2015) Office of management and budget to cancel**
 21 **unexpended appropriations - When they may continue.** The office of management and
 22 budget, thirty days after the close of each biennial period, shall cancel all unexpended
 23 appropriations or balances of appropriations after the expiration of the biennial period during
 24 which they became available under the law. Unexpended appropriations for the state historical
 25 society are not subject to this section and the state historical society shall report on the amounts
 26 and uses of funds carried over from one biennium to the appropriations committees of the next
 27 subsequent legislative assembly. The chairmen of the appropriations committees of the senate
 28 and house of representatives of the legislative assembly with the office of the budget may
 29 continue appropriations or balances in force for not more than two years after the expiration of
 30 the biennial period during which they became available upon recommendation of the director of
 31 the budget for:

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- 1 1. New construction projects.
- 2 2. Major repair or improvement projects.
- 3 3. Purchases of new equipment costing more than ten thousand dollars per unit if it was
- 4 ordered during the first twelve months of the biennium in which the funds were
- 5 appropriated.
- 6 4. The purchase of land by the state on a "contract for deed" purchase if the total
- 7 purchase price is within the authorized appropriation.
- 8 5. Purchases by the department of transportation of roadway maintenance equipment
- 9 costing more than ten thousand dollars per unit if the equipment was ordered during
- 10 the first twenty-one months of the biennium in which the funds were appropriated.
- 11 6. Authorized ongoing information technology projects.

12 **SECTION 19. SYSTEMWIDE FUNDING POOLS - TRANSFER AUTHORITY.** The following
13 line items contained in subdivision 1 of section 1 of this Act include funding that may be
14 transferred in full or in part for the period beginning with the effective date of this Act and ending
15 June 30, 2015, by the state board of higher education to the institutions and entities under its
16 control based on the recommendations of the commissioner of higher education as follows:

- 17 1. The deferred maintenance funding pool line item includes funding that must be used to
18 address deferred maintenance and other infrastructure needs at institutions based on
19 the university system master plan and space utilization study. However, the state
20 board of higher education may distribute up to one-half of the funds in the pool to
21 institutions prior to the completion of the master plan and space utilization study.
- 22 2. The education incentive programs line item includes funding that may be allocated to
23 education incentive programs based on program eligibility criteria and the reduction or
24 elimination of specific programs as determined by the board.
- 25 3. The performance funding pool line item includes funding that may be allocated to
26 institutions based on the institution meeting specified goals or other performance
27 measures as determined by the board. The board shall determine whether the
28 allocations are to be considered a one-time funding item for the current biennium only
29 or if the allocation is to become part of an institution's base budget. The funding in the
30 performance funding pool may not be used for the operations or any function of the
31 university system office. The state board of higher education shall consider any

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1 allocations from the oil and gas impact grant fund to higher education institutions when
2 determining allocations to institutions from the performance funding pool.
3 4. The campus security pool line item includes funding that must be used to address
4 security and emergency preparedness needs at institutions. The funding in the pool
5 must be transferred to institutions prior to January 1, 2014.

6 **SECTION 20. SYSTEM INFORMATION TECHNOLOGY SERVICES - OFFICE**

7 **CONSOLIDATION - LEGISLATIVE MANAGEMENT REPORTS - REPORT TO**

8 **SIXTY-FOURTH LEGISLATIVE ASSEMBLY.** Upon the completion of the joint information
9 technology building project on the campus of the university of North Dakota, as approved by the
10 sixty-second legislative assembly, the state board of higher education shall require system
11 information technology services staff offices of newly hired employees to be located in the
12 building unless the position is specifically assigned to an institution or the university system
13 office. During the 2013-14 interim, the state board of higher education shall provide annual
14 reports to the budget section and information technology committee regarding the status of the
15 consolidation of university system information technology services, including the location of staff
16 members providing those services. The university system shall provide a report to the
17 appropriations committees of the sixty-fourth legislative assembly regarding the consolidation of
18 university system information technology services and shall provide a comprehensive report of
19 the budget for all university system information technology services, including services provided
20 by institutions.

21 **SECTION 21. CAPITAL PROJECTS FUNDING POOL - TRANSFER AUTHORITY -**

22 **BUDGET SECTION APPROVAL.** The capital projects funding pool line item contained in
23 subdivision 1 of section 1 of this Act includes funding of \$160,000,000 from the general fund
24 and \$16,000,000 of other funds which must be used for capital projects located at institutions
25 under the control of the state board of higher education. The state board of higher education
26 shall review capital projects and prioritize the projects based on the university system master
27 plan and space utilization study as provided in section 22 of this Act. The board shall
28 recommend projects and associated funding to the budget section for final approval. Upon
29 budget section approval, the state board of higher education shall transfer appropriation
30 authority from the capital projects funding pool to institutions for approved capital projects. A ten
31 percent match from local or private funds must be provided by the institution for any approved

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1 project that provides for the construction of a new building or provides for a renovation to an
2 existing building that exceeds a total cost of \$10,000,000. Projects eligible to receive funding
3 from the capital projects funding pool include:

- 4 1. Bismarck state college communications and creative arts center.
- 5 2. Lake Region state college Erlandson technical center remodel and addition project.
- 6 3. Williston state college campus drive project.
- 7 4. Williston state college Stevens hall renovation.
- 8 5. University of North Dakota law school building renovation.
- 9 6. University of North Dakota school of medicine and health sciences facility project.
- 10 7. North Dakota state university science, technology, engineering, and mathematics
11 classroom and laboratory building.
- 12 8. State college of science old main building renovation project.
- 13 9. Mayville state university campuswide drainage improvements.
- 14 10. Mayville state university old gymnasium building replacement and improvements.
- 15 11. Minot state university plant services building.
- 16 12. Valley City state university hillside slope stabilization project.
- 17 13. Valley City state university Vangstad hall renovation.
- 18 14. Dakota college at Bottineau campus safety and emergency preparedness
19 improvements.

20 **SECTION 22. MASTER PLAN AND SPACE UTILIZATION STUDY - CAMPUS BUILDING**

21 **PROJECTS - PROJECT MANAGEMENT.** The master plan and space utilization study line item
22 contained in subdivision 1 of section 1 of this Act includes funding that must be used by the
23 state board of higher education to conduct a systemwide master plan and space utilization
24 study. The board may use up to \$150,000 of the funds to contract with an outside entity for a
25 final design review of the university of North Dakota school of medicine and health sciences
26 facility project and the North Dakota state university science, technology, engineering, and
27 mathematics classroom building project. Beginning with the effective date of this Act, the state
28 board of higher education may not authorize a capital project, excluding athletic facility projects
29 to be paid from private or local funds, to begin at an institution until a master plan and space
30 utilization study has been conducted of the campus and the board determines the building
31 project conforms with the master plan and space utilization study. However, construction may

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1 begin on the university of North Dakota school of medicine and health sciences facility project
2 and the North Dakota state university science, technology, engineering, and mathematics
3 classroom building project prior to the completion of a master plan and space utilization study of
4 the respective campus. Each capital project authorized by the state board of higher education
5 must have adequate project management oversight by either an institution official or a
6 representative of an external entity as determined by the commissioner of higher education. Any
7 project management costs must be paid from funds authorized for the project.

8 **SECTION 23. BISMARCK STATE COLLEGE COMMUNICATIONS AND CREATIVE ARTS**

9 **CENTER.** The capital assets line item in subdivision 2 of section 1 of this Act includes the sum
10 of \$6,000,000 from special funds derived from donations and other income for the Bismarck
11 state college communications and creative arts center project. The \$6,000,000 special funds
12 appropriation for the project may be used to construct a theater as part of the communications
13 and creative arts center project. The operations line item in subdivision 2 of section 1 of this Act
14 includes the sum of \$600,000 from special funds derived from donations and other income
15 which may be used to develop programming at the communications and creative arts center
16 that includes written and spoken communications, visual and performing arts, social sciences,
17 history, law, economics, philosophy, and current events. Funding may be used for items
18 including curriculum development, student activities, faculty enhancement, public programming,
19 and the development and publication of appropriate media to promote these activities. The
20 other funds authority provided for the communications and creative arts center project may be
21 used only if the state board of higher education allocates funding from the capital projects
22 funding pool for the communications and creative arts center as provided for in this Act.

23 **SECTION 24. UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH**

24 **SCIENCES BISMARCK FAMILY PRACTICE CENTER SKYWALK PROJECT.** The capital
25 assets line item in subdivision 5 of section 1 of this Act includes the sum of \$750,000 from the
26 general fund for the university of North Dakota school of medicine and health sciences
27 Bismarck family practice center skywalk project. The university of North Dakota shall provide
28 \$1 of nonstate funding for the project for every \$1 of funding used from the general fund
29 appropriation.

30 **SECTION 25. MINOT STATE UNIVERSITY - FLOOD RECOVERY FUNDING.** The sum of
31 \$2,000,000 included in the operations line item in subdivision 10 of section 1 of this Act must be

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1 used by Minot state university to address housing, budget, and other needs relating to the 2011
2 flood, including capital, as determined by the university.

3 **SECTION 26. NORTH DAKOTA STATE UNIVERSITY - MINARD HALL - BUDGET**

4 **SECTION REPORT.** North Dakota state university may use unspent funding from the
5 \$5,000,000 appropriation received during the biennium beginning July 1, 2007, and ending
6 June 30, 2009, and unspent funding from the \$13,000,000 appropriation received during the
7 biennium beginning July 1, 2009, and ending June 30, 2011, for the Minard hall project, for the
8 biennium beginning July 1, 2013, and ending June 30, 2015. North Dakota state university shall
9 report to the budget section regarding the status of the Minard hall project and may request
10 increased spending authorization from the budget section for the project.

11 **SECTION 27. STUDENT LOAN TRUST FUND.** Subdivision 1 of section 1 of this Act
12 includes the sum of \$1,004,744, or so much of the sum as may be necessary, from the student
13 loan trust fund of which \$465,307 is for the professional student exchange program and
14 \$539,437 is for connectND campus solution positions, for the biennium beginning July 1, 2013,
15 and ending June 30, 2015.

16 **SECTION 28. UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH**

17 **SCIENCES OPERATIONS.** The operations line item in subdivision 5 of section 1 of this Act
18 includes funding, which must be transferred, in part, by the state board of higher education,
19 based on the recommendation of the commissioner of higher education, to the university of
20 North Dakota school of medicine and health sciences for operations consistent with the higher
21 education per student credit-hour funding formula.

22 **SECTION 29. FEDERAL, PRIVATE, AND OTHER FUNDS - APPROPRIATION.** All funds,
23 in addition to those appropriated in section 1 of this Act, from federal, private, and other sources
24 for competitive grants or other funds that the legislative assembly has not indicated the intent to
25 reject, including tuition revenue, received by the institutions and entities under the control of the
26 state board of higher education are appropriated to those institutions and entities, for the
27 biennium beginning July 1,2013, and ending June 30, 2015. All additional funds received under
28 the North Dakota-Minnesota reciprocity agreement during the biennium beginning July 1, 2013,
29 and ending June 30, 2015, are appropriated to the state board of higher education for
30 reimbursement to institutions under the control of the board.

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1 **SECTION 30. TRANSFER AUTHORITY.** If, during the biennium beginning July 1, 2013,
2 and ending June 30, 2015, the state board of higher education determines that funds allocated
3 to operations in section 1 of this Act are needed for capital assets, the board may transfer funds
4 from operations to capital assets. The board shall report any transfer of funds under this section
5 to the office of management and budget.

6 **SECTION 31. FULL-TIME EQUIVALENT POSITION ADJUSTMENTS.** Notwithstanding
7 any other provisions of law, the state board of higher education may adjust full-time equivalent
8 positions as needed, subject to the availability of funds, for institutions and entities under its
9 control during the biennium beginning July 1, 2013, and ending June 30, 2015. The North
10 Dakota university system shall report any adjustments to the office of management and budget
11 before the submission of the 2015-17 biennium budget request.

12 **SECTION 32. BOND ISSUANCE AUTHORIZATION - PURPOSES.** The state board of
13 higher education, in accordance with chapter 15-55, may arrange for the funding of projects
14 authorized in this section, declared to be in the public interest, through the issuance of
15 self-liquidating, tax-exempt evidences of indebtedness under chapter 15-55, beginning with the
16 effective date of this Act and ending June 30, 2015. Evidences of indebtedness issued pursuant
17 to this section are not a general obligation of the state of North Dakota. Any unexpended
18 balance resulting from the proceeds of the evidences of indebtedness must be placed in a
19 sinking fund to be used for the retirement of indebtedness. The evidences of indebtedness may
20 be issued and the proceeds are appropriated in section 1 of this Act for the following capital
21 projects:

22	University of North Dakota - Student housing facility	\$19,187,262
23	University of North Dakota - Wilkerson hall dining center	29,000,000
24	University of North Dakota - Resident apartment building	<u>8,300,000</u>
25	Total special funds	\$56,487,262

26 **SECTION 33. LEGISLATIVE MANAGEMENT REPORT - POSTSECONDARY ACADEMIC**
27 **MATCHING GRANTS.** Before October 1, 2014, the state board of higher education shall
28 provide a report to the legislative management regarding the number of matching grants that
29 were sought, the number that were awarded, and the manner in which the grants were used as
30 provided in sections 4 through 9 of this Act.

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1 **SECTION 34. EXPIRATION DATE.** Sections 4 through 9 of this Act are effective through
2 June 30, 2015, and after that date are ineffective.

3 **SECTION 35. EMERGENCY.** Sections 19, 21, 22, 24, 25, and 32 of this Act; \$2,000,000
4 from the general fund contained in the operations line item in subdivision 10 of section 1 of this
5 Act for flood recovery funding; and the capital assets, capital projects funding pool, master plan
6 and space utilization study, and deferred maintenance pool line items contained in section 1 of
7 this Act are declared to be an emergency measure.



NDSU 2013-15 CONFERENCE COMMITTEE AMENDMENTS



13.8153.06000

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**SECOND ENGROSSMENT
with Conference Committee Amendments
REENGROSSED SENATE BILL NO. 2003**

Introduced by

Appropriations Committee

(At the request of the Governor)

1 A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota
2 university system; to provide contingent appropriations; to create and enact six new sections to
3 chapter 15-10 of the North Dakota Century Code, relating to provisions of matching grants for
4 the advancement of postsecondary academics; to amend and reenact sections 15-10-47,
5 15-52-01, 15-52-03, 15-52-04, 15-52-05, 15-52-09, 15-52-31, and 15-62.2-02, subsection 2 of
6 section 15-70-04, and section 54-44.1-11 of the North Dakota Century Code, relating to
7 construction project variance reports, the state medical center, student financial assistance
8 grants, tribally controlled community college grants, and the cancellation of unexpended
9 appropriations; to repeal section section 5 of Senate Bill No. 2018, as approved by the
10 sixty-third legislative assembly, relating to a contingent appropriation; to provide an exemption;
11 to provide for transfer of funds; to authorize the state board of higher education to issue and sell
12 bonds for capital projects; to provide for budget section reports; to provide loan authorization for
13 the university of North Dakota school of medicine and health sciences facility project; to provide
14 for legislative management reports; to provide for a legislative management study; to provide an
15 expiration date; and to declare an emergency.

16 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

17 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
18 as may be necessary, are appropriated out of any moneys in the general fund in the state
19 treasury, not otherwise appropriated, and from special funds derived from federal funds and
20 other income to the North Dakota university system office and to the various entities and
21 institutions under the supervision of the state board of higher education for the purpose of
22 defraying the expenses of the North Dakota university system office and to the various entities
23 for the biennium beginning July 1, 2013, and ending June 30, 2015, as follows:

24 Subdivision 1.

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1	NORTH DAKOTA UNIVERSITY SYSTEM OFFICE			
2			Adjustments or	
3		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
4	Capital assets - bond payments	\$12,204,769	(\$1,768,724)	\$10,436,045
5	Competitive research program	7,050,000	0	7,050,000
6	System governance	7,349,806	5,316,696	12,666,502
7	Title II	1,006,472	0	1,006,472
8	System information technology services	36,006,667	2,655,884	38,662,551
9	Professional liability insurance	800,000	(800,000)	0
10	Student financial assistance grants	19,025,594	2,220,085	21,245,679
11	Professional student exchange program	3,321,438	953,577	4,275,015
12	Academic and technical education	10,000,000	0	10,000,000
13	scholarships			
14	Two-year campus marketing	800,000	0	800,000
15	Scholars program	2,113,584	0	2,113,584
16	Native American scholarships	574,267	75,000	649,267
17	Tribally controlled community college grants	1,000,000	0	1,000,000
18	Education incentive programs	3,176,344	172,656	3,349,000
19	Deferred maintenance pool	0	10,000,000	10,000,000
20	Master plan and space utilization study	0	1,000,000	1,000,000
21	Student mental health	0	282,520	282,520
22	Education challenge fund	0	29,000,000	29,000,000
23	Performance funding pool	0	5,000,000	5,000,000
24	Capital projects contingency pool	<u>0</u>	<u>5,483,413</u>	<u>5,483,413</u>
25	Total all funds	\$104,428,941	\$59,591,107	\$164,020,048
26	Less estimated income	<u>3,056,229</u>	<u>(756,317)</u>	<u>2,299,912</u>
27	Total general fund	\$101,372,712	\$60,347,424	\$161,720,136
28	Full-time equivalent positions	100.31	12.60	112.91
29	Subdivision 2.			
30	BISMARCK STATE COLLEGE			

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1			Adjustments or	
2		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
3	Operations	\$27,628,314	\$5,025,340	\$32,653,654
4	Capital assets	<u>417,673</u>	<u>19,300,000</u>	<u>19,717,673</u>
5	Total all funds	\$28,045,987	\$24,325,340	\$52,371,327
6	Less estimated income	<u>0</u>	<u>6,665,000</u>	<u>6,665,000</u>
7	Total general fund	\$28,045,987	\$17,660,340	\$45,706,327
8	Full-time equivalent positions	126.96	0.00	126.96
9	Subdivision 3.			

LAKE REGION STATE COLLEGE

11			Adjustments or	
12		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
13	Operations	\$9,003,614	\$3,425,483	\$12,429,097
14	Capital assets	<u>155,367</u>	<u>5,650,184</u>	<u>5,805,551</u>
15	Total all funds	\$9,158,981	\$9,075,667	\$18,234,648
16	Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>
17	Total general fund	\$9,158,981	\$9,075,667	\$18,234,648
18	Full-time equivalent positions	40.22	0.00	40.22
19	Subdivision 4.			

WILLISTON STATE COLLEGE

21			Adjustments or	
22		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
23	Operations	\$8,849,685	\$3,933,821	\$12,783,506
24	Capital assets	<u>197,801</u>	<u>13,340,354</u>	<u>13,538,155</u>
25	Total all funds	\$9,047,486	\$17,274,175	\$26,321,661
26	Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>
27	Total general fund	\$9,047,486	\$17,274,175	\$26,321,661
28	Full-time equivalent positions	44.15	0.00	44.15
29	Subdivision 5.			

UNIVERSITY OF NORTH DAKOTA

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1			Adjustments or	
2		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
3	Operations	\$140,457,484	\$12,897,283	\$153,354,767
4	Capital assets	<u>4,411,566</u>	<u>169,277,262</u>	<u>173,688,828</u>
5	Total all funds	\$144,869,050	\$182,174,545	\$327,043,595
6	Less estimated income	<u>0</u>	<u>96,487,262</u>	<u>96,487,262</u>
7	Total general fund	\$144,869,050	\$85,687,283	\$230,556,333
8	Full-time equivalent positions	642.20	(8.60)	633.60
9	Subdivision 6.			

NORTH DAKOTA STATE UNIVERSITY

11			Adjustments or	
12		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
13	Operations	\$125,015,305	\$15,326,235	\$140,341,540
14	Capital assets	<u>2,732,244</u>	<u>67,939,356</u>	<u>70,671,600</u>
15	Total all funds	\$127,747,549	\$83,265,591	\$211,013,140
16	Less estimated income	<u>0</u>	<u>39,819,356</u>	<u>39,819,356</u>
17	Total general fund	\$127,747,549	\$43,446,235	\$171,193,784
18	Full-time equivalent positions	495.21	(4.00)	491.21
19	Subdivision 7.			

NORTH DAKOTA STATE COLLEGE OF SCIENCE

21			Adjustments or	
22		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
23	Operations	\$34,186,542	\$3,994,914	\$38,181,456
24	Capital assets	<u>1,012,379</u>	<u>9,435,879</u>	<u>10,448,258</u>
25	Total all funds	\$35,198,921	\$13,430,793	\$48,629,714
26	Less estimated income	<u>0</u>	<u>1,350,000</u>	<u>1,350,000</u>
27	Total general fund	\$35,198,921	\$12,080,793	\$47,279,714
28	Full-time equivalent positions	171.87	0.00	171.87
29	Subdivision 8.			

DICKINSON STATE UNIVERSITY

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1			Adjustments or	
2		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
3	Operations	\$22,383,539	\$4,715,688	\$27,099,227
4	Capital assets	<u>409,078</u>	<u>0</u>	<u>409,078</u>
5	Total all funds	\$22,792,617	\$4,715,688	\$27,508,305
6	Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>
7	Total general fund	\$22,792,617	\$4,715,688	\$27,508,305
8	Full-time equivalent positions	100.32	0.00	100.32
9	Subdivision 9.			

MAYVILLE STATE UNIVERSITY

11			Adjustments or	
12		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
13	Operations	\$12,775,788	\$1,588,636	\$14,364,424
14	Capital assets	<u>358,992</u>	<u>7,663,650</u>	<u>8,022,642</u>
15	Total all funds	\$13,134,780	\$9,252,286	\$22,387,066
16	Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>
17	Total general fund	\$13,134,780	\$9,252,286	\$22,387,066
18	Full-time equivalent positions	62.78	0.00	62.78
19	Subdivision 10.			

MINOT STATE UNIVERSITY

21			Adjustments or	
22		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
23	Operations	\$37,838,974	\$8,471,237	\$46,310,211
24	Capital assets	<u>899,620</u>	<u>13,532,595</u>	<u>14,432,215</u>
25	Total all funds	\$38,738,594	\$22,003,832	\$60,742,426
26	Less estimated income	<u>0</u>	<u>11,801,785</u>	<u>11,801,785</u>
27	Total general fund	\$38,738,594	\$10,202,047	\$48,940,641
28	Full-time equivalent positions	201.76	0.00	201.76
29	Subdivision 11.			

VALLEY CITY STATE UNIVERSITY

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1			Adjustments or	
2		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
3	Operations	\$17,694,741	\$2,996,394	\$20,691,135
4	Capital assets	<u>408,319</u>	<u>8,991,990</u>	<u>9,400,309</u>
5	Total all funds	\$18,103,060	\$11,988,384	\$30,091,444
6	Less estimated income	<u>0</u>	<u>4,806,837</u>	<u>4,806,837</u>
7	Total general fund	\$18,103,060	\$7,181,547	\$25,284,607
8	Full-time equivalent positions	97.29	0.00	97.29
9	Subdivision 12.			

DAKOTA COLLEGE AT BOTTINEAU

11			Adjustments or	
12		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
13	Operations	\$6,489,750	\$1,430,793	\$7,920,543
14	Capital assets	<u>115,507</u>	<u>8,744,609</u>	<u>8,860,116</u>
15	Total all funds	\$6,605,257	\$10,175,402	\$16,780,659
16	Less estimated income	<u>0</u>	<u>7,600,789</u>	<u>7,600,789</u>
17	Total general fund	\$6,605,257	\$2,574,613	\$9,179,870
18	Full-time equivalent positions	36.12	0.00	36.12
19	Subdivision 13.			

UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES

21			Adjustments or	
22		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
23	Operations	<u>\$47,747,971</u>	<u>\$8,757,663</u>	<u>\$56,505,634</u>
24	Total all funds	\$47,747,971	\$8,757,663	\$56,505,634
25	Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>
26	Total general fund	\$47,747,971	\$8,757,663	\$56,505,634
27	Full-time equivalent positions	156.55	0.00	156.55
28	Subdivision 14.			

NORTH DAKOTA FOREST SERVICE

30			Adjustments or	
31		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>

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1	Operations	\$5,514,681	\$735,298	\$6,249,979
2	Capital assets	<u>97,791</u>	<u>788,419</u>	<u>886,210</u>
3	Total all funds	\$5,612,472	\$1,523,717	\$7,136,189
4	Less estimated income	<u>1,650,000</u>	<u>0</u>	<u>1,650,000</u>
5	Total general fund	\$3,962,472	\$1,523,717	\$5,486,189
6	Full-time equivalent positions	28.00	1.00	29.00
7	Subdivision 15.			
8		BILL TOTAL		
9			Adjustments or	
10		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
11	Grand total all funds	\$611,231,666	\$457,554,190	\$1,068,785,856
12	Grand total special funds	<u>4,706,229</u>	<u>167,774,712</u>	<u>172,480,941</u>
13	Grand total general fund	\$606,525,437	\$289,779,478	\$896,304,915

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO

SIXTY-FOURTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-second legislative assembly for the 2011-13 biennium and the 2013-15 one-time funding items included in the appropriation in section 1 of this Act:

18	<u>One-Time Funding Description</u>	<u>2011-13</u>	<u>2013-15</u>
19	Capital projects - general fund	\$47,136,000	\$155,691,350
20	Capital projects - other funds	105,065,555	168,531,029
21	Capital projects contingency pool	0	5,483,413
22	Campus deferred maintenance projects	0	440,000
23	Performance funding pool	0	5,000,000
24	Dickinson state university operating funds	900,000	800,000
25	Minot state university flood recovery funds	0	2,500,000
26	Dakota college at Bottineau - campus software updates	0	28,500
27	Special assessments payments	819,357	0
28	Mayville state university drainage study	55,000	0
29	UND school of medicine space utilization study	100,000	0
30	Williston state college operating funds	2,000,000	0
31	Emerald ash borer program	250,000	0

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1	Deferred maintenance pool	0	10,000,000
2	Education challenge fund	0	29,000,000
3	Health care workforce initiative	0	7,414,806
4	Master plan and space utilization study	<u>0</u>	<u>1,000,000</u>
5	Total all funds	\$156,325,912	\$385,889,098
6	Total other funds	<u>105,065,555</u>	<u>168,531,029</u>
7	Total general fund	\$51,260,357	\$217,358,069

8 The 2013-15 one-time funding amounts are not a part of the entity's base budget for the
 9 2015-17 biennium. The North Dakota university system shall report to the appropriations
 10 committees of the sixty-fourth legislative assembly on the use of this one-time funding for the
 11 biennium beginning July 1, 2013, and ending June 30, 2015.

12 **SECTION 3. CONTINGENT APPROPRIATIONS - DICKINSON STATE UNIVERSITY -**
 13 **DEPARTMENT OF PUBLIC INSTRUCTION.** There is appropriated out of any moneys in the
 14 general fund in the state treasury, not otherwise appropriated, the sum of \$6,000,000, or so
 15 much of the sum as may be necessary, to Dickinson state university for the purpose of awarding
 16 a grant as provided under this section, and out of any moneys in the general fund in the state
 17 treasury, not otherwise appropriated, the sum of \$5,000,000, or so much of the sum as may be
 18 necessary, to the department of public instruction for the purpose of awarding a grant as
 19 provided under this section, for the biennium beginning July 1, 2013, and ending June 30, 2015.

20 The funding appropriated to Dickinson state university under this section is for the purpose
 21 of awarding a grant to the Theodore Roosevelt center or the Theodore Roosevelt presidential
 22 library for the construction of a Theodore Roosevelt presidential library, for the biennium
 23 beginning July 1, 2013, and ending June 30, 2015. Dickinson state university may not use any
 24 of the funds appropriated in this section for administrative costs and may not award any of the
 25 funds until the grant recipient has raised at least \$3,000,000 from nonstate sources for the
 26 project. A grant awarded under this section may be used only for construction costs of the
 27 Theodore Roosevelt presidential library. The facility constructed may be used only to house the
 28 Theodore Roosevelt presidential library.

29 The funding appropriated to the department of public instruction under this section is for the
 30 purpose of awarding a grant to a state agency or nonprofit organization to construct a children's

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1 science center in the city where the state capitol is located for providing informal science
2 education to children and others.

3 The funding provided under this section is available only if the sum of actual general fund
4 revenues and the amount by which the July 1, 2013, unobligated general fund balance is more
5 than the legislative estimate made at the close of the 2013 regular legislative session exceeds
6 three and one-half percent of the estimated general fund revenues for the period from July 1,
7 2013, through June 30, 2014, as determined by the office of management and budget. For
8 purposes of this section, "actual general fund revenues" and "estimated general fund revenues"
9 exclude the estimated July 1, 2013, unobligated general fund balance and transfers into the
10 general fund from the strategic investment and improvements fund, the mill and elevator, the
11 lottery, and the gas tax administration. The funding provided in this section is considered a
12 one-time funding item.

13 **SECTION 4. AMENDMENT.** Section 15-10-47 of the North Dakota Century Code is
14 amended and reenacted as follows:

15 **15-10-47. Construction projects at institutions of higher education - Variance reports.**

- 16 1. Whenever any new construction, renovation, or repair, valued at more than two
17 hundred fifty thousand dollars is underway on the campus of an institution of higher
18 education under the control of the state board of higher education, the board shall
19 provide ~~monthly~~semiannual project variance reports to the director of the office of
20 management and budget. Each report must include:
- 21 a. The name or a description of the project;
 - 22 b. The expenditure authorized by the legislative assembly;
 - 23 c. The amount of the original contract;
 - 24 d. The amount of any change orders;
 - 25 e. The amount of any potential or anticipated change orders;
 - 26 f. The sum of subdivisions c through e and the amount by which that sum varies
27 from the expenditure authorized by the legislative assembly;
 - 28 g. The total expended for the project to date; and
 - 29 h. The scheduled date of completion as noted in the original contract and the latest
30 available scheduled date of completion.

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- 1 2. The state board of higher education also shall provide to the director of the office of
2 management and budget, at the same time as the project variance report required by
3 subsection 1:
4 a. A brief description of each change order included in subdivision d of
5 subsection 1; and
6 b. A list of each public and nonpublic entity that has a contractually reflected
7 financial obligation with respect to the project.
8 3. The office of management and budget shall review the information received under this
9 section and provide reports to the budget section of the legislative management upon
10 request.

11 **SECTION 5.** A new section to chapter 15-10 of the North Dakota Century Code is created
12 and enacted as follows:

13 **Advancement of academics - Matching grants - University of North Dakota and North**
14 **Dakota state university.**

- 15 1. a. During the period beginning July 1, 2013, and ending December 31, 2014, the
16 state board of higher education shall award one dollar in matching grants for
17 every two dollars raised by the institutional foundations of the university of North
18 Dakota and North Dakota state university for projects dedicated exclusively to the
19 advancement of academics.
20 b. To be eligible for a matching grant, an institution must demonstrate that:
21 (1) Its foundation has raised at least fifty thousand dollars in cash or monetary
22 pledges for a qualifying project; and
23 (2) The project has been approved by the grant review committee established
24 in section 8 of this Act.
25 c. The board may award up to ten million dollars in matching grants to each
26 institution.
27 2. a. If any available dollars have not been awarded by the board before January 1,
28 2015, in accordance with subsection 1, either the university of North Dakota or
29 North Dakota state university may apply for an additional matching grant.
30 b. An application submitted under this subsection must meet the same criteria as an
31 original application.

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- 1 d. If the remaining dollars are insufficient to provide a matching grant in the amount
2 of one dollar for every two dollars raised by the institutional foundation, the board
3 shall award a lesser amount.

4 **SECTION 7.** A new section to chapter 15-10 of the North Dakota Century Code is created
5 and enacted as follows:

6 **Liability for pledged amount.**

7 If the state board of higher education provides grant funds under this Act to an institution on
8 the basis of a monetary pledge and if the amount forthcoming is less than the amount pledged,
9 the institutional foundation is liable to the institution for any shortfall.

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

12 **Grant review committee.**

- 13 1. There is created a grant review committee consisting of:
- 14 a. The governor, or the governor's designee, who shall serve as the chairman;
 - 15 b. Two members of the house of representatives appropriations committee,
16 selected by the majority leader of the house of representatives;
 - 17 c. Two members of the senate appropriations committee, selected by the majority
18 leader of the senate;
 - 19 d. Two members appointed by the governor, with the consent of the legislative
20 management; and
 - 21 e. Two members appointed by the state board of higher education, with the consent
22 of the legislative management.
- 23 2. The gubernatorial appointees must have an understanding of higher education's role
24 in advancing agriculture, the arts, commerce and finance, manufacturing, mineral
25 extraction, natural resources, and the professions.
- 26 3. The grant review committee shall establish its rules of operation and procedure and
27 shall develop and publish the criteria upon which all requests for matching grants will
28 be reviewed.
- 29 4. A request for a matching grant must be presented to the committee by the president of
30 the institution. The president may be accompanied by other individuals having an
31 expertise with respect to the project.

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

3 **Grant review committee - Compensation.**

4 Each member of the grant review committee is entitled to receive compensation in the
5 amount of one hundred thirty-five dollars per day plus reimbursement for expenses as provided
6 by law for state officers if the member is attending meetings or performing duties directed by the
7 committee. The compensation provided for in this section may not be paid to any member of the
8 committee who receives a salary or other compensation as an employee or official of this state
9 if the individual is serving on the committee by virtue of the individual's state office or state
10 employment.

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

13 **Definition.**

14 For purposes of this Act, projects dedicated to the advancement of enhanced academics
15 include investments in research, scholarships, technology, endowed chairs, and investments in
16 educational infrastructure, including new capital construction projects that conform with the
17 university system campus master plan and space utilization study.

18 **SECTION 11. AMENDMENT.** Section 15-52-01 of the North Dakota Century Code is
19 amended and reenacted as follows:

20 **15-52-01. School of medicine and health sciences.**

21 The primary purpose of the university of North Dakota school of medicine and health
22 sciences is to educate physicians and other health professionals for subsequent service in
23 North Dakota and to enhance the quality of life in ~~North Dakota~~ of its people. Other purposes
24 include the discovery of knowledge that benefits the people of this state and enhances the
25 quality of their lives.

26 **SECTION 12. AMENDMENT.** Section 15-52-03 of the North Dakota Century Code is
27 amended and reenacted as follows:

28 **15-52-03. School of medicine and health sciences advisory council - Members, terms,**
29 **meetings.**

30 1. To assure the proper coordination of the university of North Dakota school of medicine
31 and health sciences with all other health activities of the state, a permanent school of

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- 1 medicine and health sciences advisory council is established to perform the duties in
2 section 15-52-04.
- 3 2. The council consists of fifteen members:
- 4 a. (1) Two members of the senate, one of whom must be from the majority party
5 and one of whom must be from the minority party, selected by the chairman
6 of the legislative management; and
7 (2) Two members of the house of representatives, one of whom must be from
8 the majority party and one of whom must be from the minority party, to be
9 selected by the chairman of the legislative management;
- 10 b. One member selected by each of the following:
- 11 (1) The department of human services;
12 (2) The state board of higher education;
13 (3) The state department of health;
14 (4) The North Dakota medical association;
15 (5) The North Dakota hospital association;
16 (6) The veterans administration hospital in Fargo; and
17 (7) The university of North Dakota center for rural health; and
- 18 c. Four members selected by the dean of the university of North Dakota school of
19 medicine and health sciences, one from each of the four campuses of the school
20 of medicine and health sciences with headquarters in Bismarck, Fargo, Grand
21 Forks, and Minot.
- 22 3. The representatives named by the state agencies and boards must be selected to
23 serve as members of the advisory council for periods of at least one year, but may not
24 serve longer than their term of office on the public agency. The representatives from
25 the North Dakota state medical association and the North Dakota hospital association
26 shall serve a term of three years or until their successors are named and qualified.
- 27 4. The council shall name its own chairman and the dean of the university of North
28 Dakota school of medicine and health sciences shall serve as executive secretary of
29 the council. The executive secretary does not have voting privileges. The council shall
30 meet not less than twice each year, and, from time to time, on its own motion or upon
31 request of the university administration.

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1 **SECTION 13. AMENDMENT.** Section 15-52-04 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **15-52-04. Duties of council.**

- 4 1. The advisory council, in consultation with the school of medicine and health sciences
5 and the other agencies, associations, and institutions represented on the advisory
6 council, shall study and make recommendations regarding the strategic plan,
7 programs, and facilities of the school of medicine and health sciences in support of its
8 purpose as defined in section 15-52-01.
- 9 2. Biennially, the advisory council shall submit a report, together with its
10 recommendations, to the agencies, associations, and institutions represented on the
11 advisory council, to the university of North Dakota, and to the legislative council.
- 12 3. a. The report must describe the advisory council's recommendations regarding the
13 strategic plan, programs, and facilities of the school of medicine and health
14 sciences as developed under subsection 1. The recommendations for
15 implementing strategies through the school of medicine and health sciences or
16 other agencies and institutions must:
- 17 (1) Address the health care needs of the people of the state; ~~and~~
18 (2) Provide information regarding the state's health care workforce needs; and
19 (3) Provide information that specifies the contributions that the university of
20 North Dakota school of medicine and health sciences and the residency
21 training programs in the state are making to meet the health care provider
22 workforce needs of the state. Such information must include data regarding:
- 23 (a) The effectiveness of activities conducted throughout the state relating
24 to the recruitment and progression of students into medical school
25 and into the health care provider workforce;
- 26 (b) Class characteristics of the medical school matriculants, specifically to
27 include a description of their geographic background;
- 28 (c) Residency choices of medical school graduates;
- 29 (d) Practice location choices of graduates of North Dakota residencies;
30 and

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- 1 (e) Any other relevant information that the university of North Dakota
2 school of medicine and health sciences advisory council determines
3 to be important and useful in assessing the degree of success of the
4 university of North Dakota school of medicine and health sciences in
5 meeting the health care workforce needs of the state as specified in
6 section 15-52-01.
- 7 b. The recommendations required under subdivision a may address:
- 8 (1) Medical education and training;
- 9 (2) The recruitment and retention of physicians and other health care
10 professionals;
- 11 (3) Factors influencing the practice environment for physicians and other health
12 care professionals;
- 13 (4) Access to health care;
- 14 (5) Patient safety;
- 15 (6) The quality of health care and the efficiency of its delivery; and
- 16 (7) Financial challenges in the delivery of health care.
- 17 4. The council may consult with any individual or entity in performing its duties under this
18 section.

19 **SECTION 14. AMENDMENT.** Section 15-52-05 of the North Dakota Century Code is
20 amended and reenacted as follows:

21 **15-52-05. Facilities.**

22 The university authorities shall make the facilities of the university of North Dakota school of
23 medicine and health sciences available to all agencies of the state, federal, and local
24 governments engaged in health and welfare activities to the fullest extent possible within the
25 limits of a complete and coordinated program for the use thereof on terms commensurate with
26 the cost of services rendered and facilities furnished. The work of the school of medicine and
27 health sciences must be coordinated with the work of the other departments of the university of
28 North Dakota. Means must be provided whereby regularly enrolled students in other schools or
29 departments of the university of North Dakota may, upon approval of the dean of such other
30 school or department, enroll in elective courses in the medical school and receive credit therefor
31 in the school or department in which they are regularly enrolled, subject to such policy and

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1 procedures as may be established by the university of North Dakota and the state board of
 2 higher education. Medical students may enroll in other departments and schools. Such action
 3 must be taken as may serve to make both the school of medicine and health sciences and the
 4 other departments and schools of the university of North Dakota more efficient and responsive
 5 to needs of the people through the mutual interchange of facilities, and service, wherever
 6 possible.

7 **SECTION 15. AMENDMENT.** Section 15-52-09 of the North Dakota Century Code is
 8 amended and reenacted as follows:

9 **15-52-09. Expenditure of proceeds of one-mill levy authorized - Limitation.**

10 The proceeds of the one-mill tax levy established by section 10 of article X of the
 11 Constitution of North Dakota, together with any other funds that may be received by the state
 12 treasurer, from time to time, for the benefit of the ~~North Dakota state medical center~~university of
 13 North Dakota school of medicine and health sciences, must be expended to establish, develop,
 14 and maintain the university of North Dakota school of medicine and health sciences, as
 15 provided in this chapter, by the issuance of state warrants drawn on such funds by the director
 16 of the office of management and budget.

17 **SECTION 16. AMENDMENT.** Section 15-52-31 of the North Dakota Century Code is
 18 amended and reenacted as follows:

19 **15-52-31. Admission of students - Qualifications.**

20 The faculty of the school of medicine and health sciences at the university of North Dakota
 21 may, with the advice of the school of medicine and health sciences advisory council and with
 22 the approval of the state board of higher education and in accordance with applicable
 23 accreditation requirements as specified by the liaison committee on medical education, adopt
 24 such rules and regulations governing the education and residency qualifications of applicants
 25 for admission to the school of medicine and health sciences as it deems necessary and proper
 26 to carry out its purpose as provided in section 15-52-01.

27 **SECTION 17. AMENDMENT.** Section 15-62.2-02 of the North Dakota Century Code is
 28 amended and reenacted as follows:

29 **15-62.2-02. State board of higher education - Powers and duties.**

30 The state board of higher education shall:

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- 1 1. Administer the North Dakota student financial assistance program and the North
2 Dakota scholars program and adopt functional rules regarding the eligibility and
3 selection of grant and scholarship recipients.
- 4 2. Determine the amount of individual grants, which may not exceed one thousand
5 five~~six~~ hundred fifty dollars per recipient per academic year, under the North Dakota
6 student financial assistance program.
- 7 3. For the North Dakota student financial assistance program, adopt criteria for
8 substantial need, based upon the ability of the parents or guardian to contribute
9 toward the applicant's educational expenses.
- 10 4. Establish the appropriate procedures for fiscal control, fund accounting, and necessary
11 reports.
- 12 5. Apply for, receive, expend, and administer granted moneys from federal or private
13 sources.

14 **SECTION 18. AMENDMENT.** Subsection 2 of section 15-70-04 of the North Dakota
15 Century Code is amended and reenacted as follows:

- 16 2. If an application is approved, the state board of higher education shall distribute to the
17 tribally controlled community college, during each year of the biennium, an amount
18 equivalent to the most recent per student payment provided in accordance with the
19 Tribally Controlled Colleges and Universities Assistance Act of 1978 [25 U.S.C. 20] for
20 each nonbeneficiary student who is a resident of the state. If the amount appropriated
21 is insufficient to meet the requirements of this section, the board shall prorate the
22 amount to be distributed. The board may distribute no more than one-half of the
23 biennial legislative appropriation provided for grants under this section during the first
24 year of the biennium.

25 **SECTION 19. AMENDMENT.** Section 54-44.1-11 of the North Dakota Century Code is
26 amended and reenacted as follows:

27 **54-44.1-11. (Effective through July 31, ~~2013~~2015) Office of management and budget to**
28 **cancel unexpended appropriations - When they may continue.**

29 Except as otherwise provided by law, the office of management and budget, thirty days after
30 the close of each biennial period, shall cancel all unexpended appropriations or balances of
31 appropriations after the expiration of the biennial period during which they became available

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1 under the law. Unexpended appropriations for the state historical society are not subject to this
 2 section and the state historical society shall report on the amounts and uses of funds carried
 3 over from one biennium to the appropriations committees of the next subsequent legislative
 4 assembly. Unexpended appropriations for the North Dakota university system are not subject to
 5 this section and the North Dakota university system shall report on the amounts and uses of
 6 funds carried over from one biennium to the next to subsequent appropriations committees of
 7 the legislative assembly. The chairmen of the appropriations committees of the senate and
 8 house of representatives of the legislative assembly with the office of the budget may continue
 9 appropriations or balances in force for not more than two years after the expiration of the
 10 biennial period during which they became available upon recommendation of the director of the
 11 budget for:

- 12 1. New construction projects.
- 13 2. Major repair or improvement projects.
- 14 3. Purchases of new equipment costing more than ten thousand dollars per unit if it was
 15 ordered during the first twelve months of the biennium in which the funds were
 16 appropriated.
- 17 4. The purchase of land by the state on a "contract for deed" purchase if the total
 18 purchase price is within the authorized appropriation.
- 19 5. Purchases by the department of transportation of roadway maintenance equipment
 20 costing more than ten thousand dollars per unit if the equipment was ordered during
 21 the first twenty-one months of the biennium in which the funds were appropriated.
- 22 6. Authorized ongoing information technology projects.

23 **(Effective after July 31, 2013-2015) Office of management and budget to cancel**
 24 **unexpended appropriations - When they may continue.** The office of management and
 25 budget, thirty days after the close of each biennial period, shall cancel all unexpended
 26 appropriations or balances of appropriations after the expiration of the biennial period during
 27 which they became available under the law. Unexpended appropriations for the state historical
 28 society are not subject to this section and the state historical society shall report on the amounts
 29 and uses of funds carried over from one biennium to the appropriations committees of the next
 30 subsequent legislative assembly. The chairmen of the appropriations committees of the senate
 31 and house of representatives of the legislative assembly with the office of the budget may

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1 continue appropriations or balances in force for not more than two years after the expiration of
2 the biennial period during which they became available upon recommendation of the director of
3 the budget for:

- 4 1. New construction projects.
- 5 2. Major repair or improvement projects.
- 6 3. Purchases of new equipment costing more than ten thousand dollars per unit if it was
7 ordered during the first twelve months of the biennium in which the funds were
8 appropriated.
- 9 4. The purchase of land by the state on a "contract for deed" purchase if the total
10 purchase price is within the authorized appropriation.
- 11 5. Purchases by the department of transportation of roadway maintenance equipment
12 costing more than ten thousand dollars per unit if the equipment was ordered during
13 the first twenty-one months of the biennium in which the funds were appropriated.
- 14 6. Authorized ongoing information technology projects.

15 **SECTION 20. REPEAL.** Section 5 of Senate Bill No. 2018, as approved by the sixty-third
16 legislative assembly, is repealed.

17 **SECTION 21. SYSTEMWIDE FUNDING POOLS - TRANSFER AUTHORITY -**

18 **LEGISLATIVE MANAGEMENT REPORT.** The following line items contained in subdivision 1 of
19 section 1 of this Act include funding that may be transferred in full or in part for the period
20 beginning with the effective date of this Act and ending June 30, 2015, by the state board of
21 higher education to the institutions and entities under its control based on the recommendations
22 of the commissioner of higher education as follows:

- 23 1. The deferred maintenance funding pool line item includes funding that must be used to
24 address deferred maintenance and other infrastructure needs at institutions based on
25 the university system master plan and space utilization study. However, the state
26 board of higher education may distribute up to one-half of the funds in the pool to
27 institutions prior to the completion of the master plan and space utilization study.
- 28 2. The education incentive programs line item includes funding that may be allocated to
29 education incentive programs based on program eligibility criteria and the reduction or
30 elimination of specific programs as determined by the board.

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1 3. The performance funding pool line item includes funding that may be allocated to
2 institutions based on the institution meeting specified goals or other performance
3 measures as determined by the board. The funding in the performance funding pool
4 may not be used for the operations or any function of the university system office. The
5 state board of higher education shall consider any allocations from the oil and gas
6 impact grant fund to higher education institutions when determining allocations to
7 institutions from the performance funding pool. During the 2013-14 interim, the state
8 board of higher education shall provide a report to the legislative management
9 regarding the distribution of funds from the performance funding pool.

10 **SECTION 22. SYSTEM INFORMATION TECHNOLOGY SERVICES - OFFICE**

11 **CONSOLIDATION - LEGISLATIVE MANAGEMENT REPORTS - REPORT TO**

12 **SIXTY-FOURTH LEGISLATIVE ASSEMBLY.** Upon the completion of the joint information
13 technology building project on the campus of the university of North Dakota, as approved by the
14 sixty-second legislative assembly, the state board of higher education shall require system
15 information technology services staff offices of newly hired employees to be located in the
16 building unless the position is specifically assigned to an institution or the university system
17 office. During the 2013-14 interim, the state board of higher education shall provide annual
18 reports to the budget section and information technology committee regarding the status of the
19 consolidation of university system information technology services, including the location of staff
20 members providing those services. The university system shall provide a report to the
21 appropriations committees of the sixty-fourth legislative assembly regarding the consolidation of
22 university system information technology services and shall provide a comprehensive report of
23 the budget for all university system information technology services, including services provided
24 by institutions.

25 **SECTION 23. UNIVERSITY OF NORTH DAKOTA - RESEARCH ENTERPRISE AND**

26 **COMMERCIALIZATION BUILDING PURCHASE - BUDGET SECTION REPORT.** During the
27 period beginning with the effective date of this Act and ending June 30, 2015, the state board of
28 higher education may enter a purchase and financing agreement or agreements with a private
29 entity and do all things necessary and proper to authorize the purchase of the research
30 enterprise and commercialization building on the campus of the university of North Dakota
31 using donations, gifts, or other funds. The state board of higher education shall provide a report

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1 to the budget section if the research enterprise and commercialization building is purchased as
2 provided under this section.

3 **SECTION 24. CAPITAL PROJECTS CONTINGENCY POOL - TRANSFER AUTHORITY -**
4 **BUDGET SECTION REPORT.** The capital projects contingency pool line item contained in
5 subdivision 1 of section 1 of this Act includes funding that may be transferred to institutions for
6 capital projects as provided under this section. The state board of higher education may transfer
7 funds from the capital projects contingency pool to an institution if the lowest acceptable bid
8 received for a capital project exceeds the legislative appropriation provided for the project. The
9 board shall provide a prorated amount to institutions from the pool if the amount of funding
10 required for eligible projects exceeds available funding. An institution may only receive funding
11 from the pool for capital projects that receive a general fund appropriation and are authorized
12 under this Act. For purposes of this section, the "legislative appropriation provided for a project"
13 does not include funds appropriated from private donations and other local funds to enhance a
14 project. During the 2013-14 interim, the state board of higher education shall provide periodic
15 reports to the budget section regarding funds distributed from the capital projects contingency
16 pool.

17 **SECTION 25. CAMPUS CAPITAL PROJECTS - PROJECT MANAGEMENT.** During the
18 biennium beginning July 1, 2013, and ending June 30, 2015, each capital project authorized by
19 the state board of higher education must have adequate project management oversight by
20 either an institution official or a representative of an external entity. An institution may seek
21 assistance from the university system office for project management oversight of a capital
22 project.

23 **SECTION 26. BISMARCK STATE COLLEGE COMMUNICATIONS AND CREATIVE ARTS**
24 **CENTER.** The capital assets line item in subdivision 2 of section 1 of this Act includes the sum
25 of \$12,635,000 from the general fund and \$665,000 from special funds derived from donations
26 and other income for the Bismarck state college communications and creative arts center
27 project. The capital assets line item in subdivision 2 of section 1 of this Act also includes the
28 sum of \$6,000,000 from special funds derived from donations and other income which may be
29 used to construct a theater as part of the communications and creative arts center project. Up to
30 \$600,000 of the general fund appropriation for the project may be used to develop programming
31 at the communications and creative arts center that includes written and spoken

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1 communications, visual and performing arts, social sciences, history, law, economics,
2 philosophy, and current events. Funding may be used for items including curriculum
3 development, student activities, faculty enhancement, public programming, and the
4 development and publication of appropriate media to promote these activities.

5 **SECTION 27. UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH**
6 **SCIENCES BISMARCK FAMILY PRACTICE CENTER SKYWALK PROJECT.** The capital
7 assets line item in subdivision 5 of section 1 of this Act includes the sum of \$750,000 from the
8 general fund for the university of North Dakota school of medicine and health sciences
9 Bismarck family practice center skywalk project. The university of North Dakota shall provide
10 \$1 of nonstate funding for the project for every \$1 of funding used from the general fund
11 appropriation.

12 **SECTION 28. UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH**
13 **SCIENCES FACILITY PROJECT - LOAN AUTHORIZATION.** The legislative assembly
14 authorizes the construction of the university of North Dakota school of medicine and health
15 sciences facility project to be funded in two phases as provided under this section. The capital
16 assets line item in subdivision 5 of section 1 of this Act includes the sum of \$60,450,000, or so
17 much of the sum as may be necessary, for phase 1 of the project. The university of North
18 Dakota may also seek funding from the capital projects contingency pool in accordance with
19 section 24 of this Act for costs associated with phase 1 of the project. During the biennium
20 beginning July 1, 2013, and ending June 30, 2015, and continuing into the biennium beginning
21 July 1, 2015, and ending June 30, 2017, the state board of higher education may borrow the
22 sum of \$62,000,000, or so much of the sum as may be necessary, from the Bank of North
23 Dakota for completion of phase 2 of the school of medicine and health sciences facility project.
24 The state board of higher education shall seek funding from the sixty-fourth legislative assembly
25 to repay the loan authorized under this section.

26 **SECTION 29. DICKINSON STATE UNIVERSITY - THEODORE ROOSEVELT CENTER -**
27 **THEODORE ROOSEVELT PRESIDENTIAL LIBRARY.** The operations line item in
28 subdivision 8 of section 1 of this Act includes the sum of \$800,000 for the Theodore Roosevelt
29 center. Of this amount, up to \$200,000 may be used for the planning and design of a facility to
30 house the Theodore Roosevelt presidential library.

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1 **SECTION 30. MINOT STATE UNIVERSITY - FLOOD RECOVERY FUNDING.** The sum of
2 \$5,000,000 included in the operations line item in subdivision 10 of section 1 of this Act must be
3 used by Minot state university to address housing, budget, and other needs relating to the 2011
4 flood, including capital, as determined by the university.

5 **SECTION 31. NORTH DAKOTA STATE UNIVERSITY - MINARD HALL - BUDGET**

6 **SECTION REPORT.** North Dakota state university may use unspent funding from the
7 \$5,000,000 appropriation received during the biennium beginning July 1, 2007, and ending
8 June 30, 2009, and unspent funding from the \$13,000,000 appropriation received during the
9 biennium beginning July 1, 2009, and ending June 30, 2011, for the Minard hall project, for the
10 biennium beginning July 1, 2013, and ending June 30, 2015. North Dakota state university shall
11 report to the budget section regarding the status of the Minard hall project and may request
12 increased spending authorization from the budget section for the project.

13 **SECTION 32. STUDENT LOAN TRUST FUND.** Subdivision 1 of section 1 of this Act
14 includes the sum of \$1,004,744, or so much of the sum as may be necessary, from the student
15 loan trust fund of which \$465,307 is for the professional student exchange program and
16 \$539,437 is for connectND campus solution positions, for the biennium beginning July 1, 2013,
17 and ending June 30, 2015.

18 **SECTION 33. UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH**

19 **SCIENCES OPERATIONS.** The operations line item in subdivision 5 of section 1 of this Act
20 includes a funding allocation from the higher education per student credit-hour funding formula
21 attributable to inflation during the biennium beginning July 1, 2013, and ending June 30, 2015. A
22 minimum of twenty-five percent of the allocation must be transferred by the state board of
23 higher education to the university of North Dakota school of medicine and health sciences
24 based on the recommendation of the commissioner of higher education.

25 **SECTION 34. FEDERAL, PRIVATE, AND OTHER FUNDS - APPROPRIATION.** All funds,
26 in addition to those appropriated in section 1 of this Act, from federal, private, and other sources
27 for competitive grants or other funds that the legislative assembly has not indicated the intent to
28 reject, including tuition revenue, received by the institutions and entities under the control of the
29 state board of higher education are appropriated to those institutions and entities, for the
30 biennium beginning July 1, 2013, and ending June 30, 2015. All additional funds received under
31 the North Dakota-Minnesota reciprocity agreement during the biennium beginning July 1, 2013,

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1 and ending June 30, 2015, are appropriated to the state board of higher education for
2 reimbursement to institutions under the control of the board.

3 **SECTION 35. TRANSFER AUTHORITY.** If, during the biennium beginning July 1, 2013,
4 and ending June 30, 2015, the state board of higher education determines that funds allocated
5 to operations in section 1 of this Act are needed for capital assets, the board may transfer funds
6 from operations to capital assets. The board shall report any transfer of funds under this section
7 to the office of management and budget.

8 **SECTION 36. FULL-TIME EQUIVALENT POSITION ADJUSTMENTS.** Notwithstanding
9 any other provisions of law, the state board of higher education may adjust full-time equivalent
10 positions as needed, subject to the availability of funds, for institutions and entities under its
11 control during the biennium beginning July 1, 2013, and ending June 30, 2015. The North
12 Dakota university system shall report any adjustments to the office of management and budget
13 before the submission of the 2015-17 biennium budget request.

14 **SECTION 37. BOND ISSUANCE AUTHORIZATION - PURPOSES.** The state board of
15 higher education, in accordance with chapter 15-55, may arrange for the funding of projects
16 authorized in this section, declared to be in the public interest, through the issuance of
17 self-liquidating, tax-exempt evidences of indebtedness under chapter 15-55, beginning with the
18 effective date of this Act and ending June 30, 2015. Evidences of indebtedness issued pursuant
19 to this section are not a general obligation of the state of North Dakota. Any unexpended
20 balance resulting from the proceeds of the evidences of indebtedness must be placed in a
21 sinking fund to be used for the retirement of indebtedness. The evidences of indebtedness may
22 be issued and the proceeds are appropriated in section 1 of this Act for the following capital
23 projects:

24	University of North Dakota - Student housing facility	\$19,187,262
25	University of North Dakota - Wilkerson hall dining center	29,000,000
26	University of North Dakota - Resident apartment building	<u>8,300,000</u>
27	Total special funds	\$56,487,262

28 **SECTION 38. LEGISLATIVE MANAGEMENT REPORT - POSTSECONDARY ACADEMIC**
29 **MATCHING GRANTS.** Before October 1, 2014, the state board of higher education shall
30 provide a report to the legislative management regarding the number of matching grants that

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1 were sought, the number that were awarded, and the manner in which the grants were used as
2 provided in sections 5 through 10 of this Act.

3 **SECTION 39. LEGISLATIVE MANAGEMENT STUDY - STATE AGENCY LEGAL**
4 **SERVICES.** During the 2013-14 interim, the legislative management shall consider studying
5 legal services provided by attorneys in executive branch state agencies. The study, if
6 conducted, must review the services provided by attorneys in each agency, supervision of the
7 attorneys in each agency, and whether the attorneys are classified as assistant or special
8 assistant attorneys general. The study must also review the use of contracted legal services by
9 each agency. The legislative management shall report its findings and recommendations,
10 together with any legislation needed to implement the recommendations, to the sixty-fourth
11 legislative assembly.

12 **SECTION 40. EXPIRATION DATE.** Sections 5 through 10 of this Act are effective through
13 June 30, 2015, and after that date are ineffective.

14 **SECTION 41. EMERGENCY.** Sections 21, 23, 27, 28, 29, 30, and 37 of this Act; \$200,000
15 included in the operations line item in subdivision 8 of section 1 of this Act for the Theodore
16 Roosevelt center; \$5,000,000 included in the operations line item in subdivision 10 of section 1
17 of this Act for flood recovery funding; and the capital assets, master plan and space utilization
18 study, and deferred maintenance pool line items contained in section 1 of this Act are declared
19 to be an emergency measure.



NDSU 2013-15 FINAL ENROLLMENT SB2003



North Dakota State University
Comparison of SBHE General Fund Budget Request to
Executive Recommendation & Final SB 2003
May 3, 2013

North Dakota State University			
	Executive Recommendation	Legislative Adjustments	Final SB 2003
2011-13 Adjusted General Fund Appropriation, Net of Base Adjustments	127,747,549	-	127,747,549
SBHE Requested Increases:			
Equalization/equity payment - New funding model	6,431,392	-	6,431,392
1/ Formula/inflation payment: as calculated by OMB, which includes costs to continue salary and operating utilities	12,841,542	(2,610,398)	10,231,144
Move audit and legal positions to NDUS Office		(1,336,301)	(1,336,301)
Total Requested Increase in GF Base Funding	19,272,934	(3,946,699)	15,326,235
Total Base General Fund Request, Recommendation & Final SB 2003	147,020,483	(3,946,699)	143,073,784
2013-15 State-funded Capital Projects: STEM Classroom Building	29,600,000	(1,480,000)	28,120,000
Total 2013-15 General Fund Request, Recommendation & Final SB 2003	\$ 176,620,483	\$ (5,426,699)	\$ 171,193,784

1/ Executive Recommendation formula payment was calculated with a 4% compensation adjustment each year of the biennium. The final SB2003 includes a 4% (yr 1) and 3% (yr 2) increase.

Equalization payment-New funding model (SB2200):

Provides additional base general fund dollars to adjust funding to the average of the top two funding per adjusted student credit hour (ASCH) between the campuses within each of the three tiers , (i.e. 2-year campuses \$109.49 WSC \$112.88, 4-year campuses \$102.86 MiSU \$106.28 and research universities \$71.41), based on the new SCH funding model.

Formula/inflation payment:

The formula/inflation payment includes an increase of 5% per year on the annualized GF base (after equalization/equity payment) to fund a portion of the "state share" of the cost to continue FY13 salary and retirement increases, operating inflation, utility increases and 2013-15 salary, health insurance & retirement increases. Taken together, the formula ultimately funds NDSU at \$71.40/adjusted student credit hour(ASCH).

State Share of the general fund costs to continue, as passed by the legislature, provides 50% of the total funding necessary. The remaining 50% is provided through student tuition.

Move audit and legal positions:

Removes \$1,336,301 from NDSU's budget for transfer of existing NDSU legal counsel staff (3 FTE) and internal audit staff (1 FTE) to the system office budget. Also, requires a legislative management study to be conducted during the 2013-14 interim session on legal services provided by attorneys in executive branch state agencies, including a review of services provided, supervision in each agency and the classification of the attorneys.

Capital Projects:

Provides for the STEM Classroom building of \$29,600,000 with \$28,120,000 allocated to NDSU and the remaining \$1,480,000 located in a contingency pool placed in the system office. NDSU must apply to the system office for the remaining amount. Capital projects appropriated with private donations or other local funds are not subject to this provision.

Matching Grants-Advancement of academics:

Provides for the SBHE to award up to \$10M in matching grants for NDSU for projects dedicated exclusively to the advancement of academics.

**North Dakota State University
Budget No. 235
Senate Bill No. 2003**

2013-15 executive budget (bills as introduced)

FTE Positions	General Fund	Other Funds	Total
495.21	\$176,620,483	\$39,159,356	\$215,779,839
491.21	171,193,784	39,819,356	211,013,140

Legislative increase (decrease) to executive budget

(4.00)	(\$5,426,699)	\$660,000	(\$4,766,699)
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Legislative increase (decrease) to 2011-13 appropriations

(4.00)	\$43,173,552	\$3,719,356	\$46,892,908
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ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$127,747,549	\$272,683	\$128,020,232
2013-15 legislative appropriations	143,073,784	28,120,000	171,193,784
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$15,326,235	\$27,847,317	\$43,173,552
Percentage increase (decrease) to 2011-13 appropriations	12.0%	10,212.3%	33.7%
2013-15 legislative increase (decrease) to executive budget	(\$3,946,699)	(\$1,480,000)	(\$5,426,699)
Percentage increase (decrease) to executive budget	(2.7%)	(5.0%)	(3.1%)

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The Legislative Assembly provided inflation funding payments to institutions that are to be used to provide salary increases, health insurance increases, and retirement contribution increases during the 2013-15 biennium.

The legislative action:

Removed funding included in the executive budget for institution equalization payments.

Major Items	General Fund	Other Funds	Total
	(\$6,431,392)		(\$6,431,392)

Provided adjusted institution equity funding payments in accordance with the higher education funding formula included in Senate Bill No. 2200.

6,431,392	6,431,392
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Removed funding included in the executive budget for institution inflation and initiative payments.

(12,841,542)	(12,841,542)
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Provided institution inflation funding payments based on 5 percent annual inflation adjustments made to institutions' base budgets.	10,231,144	10,231,144	
Transferred internal audit and legal positions currently reporting to the University of North Dakota to the North Dakota University System office.	(4.00)	(1,336,301)	(1,336,301)
Reduced general fund support for the science, technology, engineering, and mathematics classroom building project by 5 percent (see Capital Projects section below).		(1,480,000)	(1,480,000)
Added special funds authority for building upgrades to the Center for Computationally Assisted Science and Technology.			\$660,000
Total	<u>(4.00)</u>	<u>(\$5,426,699)</u>	<u>\$660,000</u> <u>(\$4,766,699)</u>

FTE Changes

The Legislative Assembly included funding for 491.21 FTE positions, 4 FTE positions less than the executive budget recommendation and 2011-13 biennium legislative appropriations. The Legislative Assembly transferred 4 FTE internal audit and legal positions currently reporting to North Dakota State University (NDSU) to the University System office. Pursuant to Section 36 of Senate Bill No. 2003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE position adjustments must be reported to the Office of Management and Budget prior to submission of the 2015-17 budget request.

One-Time Funding

In Section 2 of Senate Bill No. 2003, the Legislative Assembly identified \$223,358,169 of funding from the general fund as one-time funding for the University System. Of this amount, \$28,120,000 is for the science, technology, engineering, and mathematics classroom building at NDSU. This amount is not to be considered part of the institution's base budget for the 2015-17 biennium, and the institution is to report to the Appropriations Committees of the 64th Legislative Assembly on the use of this funding.

Other Income Appropriation

Section 34 of Senate Bill No. 2003 appropriates on a continuing basis all other funds, including tuition income, received by the institutions of higher education during the 2013-15 biennium. As a result, the legislative appropriations for higher education institutions do not include a specific appropriation of other funds, except for capital projects.

Capital Projects

The Legislative Assembly reduced general fund appropriations for University System capital projects included in the executive budget recommendation by 5 percent. The appropriation for the University System office includes \$5,483,413 from the general fund for a capital projects contingency pool that may be transferred to institutions if the lowest acceptable bid for a project exceeds the legislative appropriation for the project. Section 24 of Senate Bill No. 2003 provides guidelines for the use of funding from the capital projects contingency pool. Section 25 of Senate Bill No. 2003 provides 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.

The following is a summary of capital projects authorized by the Legislative Assembly for NDSU:

	2013-15 Executive Budget Recommendation		2013-15 Legislative Appropriation	
	General Fund	Other Funds	General Fund	Other Funds
Science, technology, engineering, and mathematics classroom building	\$29,600,000		\$28,120,000	
Nutrition dietetics and hospitality laboratory		\$750,000		\$750,000
Memorial Union food court remodeling		975,000		975,000
Residence hall lavatory renovations - Phase I		1,000,000		1,000,000
Residence hall lavatory renovations - Phase II		1,030,000		1,030,000
Sanford Health athletic complex renovation (reauthorization of project)		35,404,356		35,404,356
Center for Computationally Assisted Science and Technology building upgrades				660,000
Total	\$29,600,000	\$39,159,356	\$28,120,000	\$67,939,356

Other Sections in Bill

North Dakota State University - Minard Hall project - Section 31 authorizes NDSU to continue 2007-09 and 2009-11 biennium appropriations for the Minard Hall project into the 2013-15 biennium. The section also requires NDSU to provide reports on the status of the project to the Budget Section.

**Sixty-third Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 8, 2013**

SENATE BILL NO. 2003
(Appropriations Committee)
(At the request of the Governor)

AN ACT to provide an appropriation for defraying the expenses of the North Dakota university system; to provide contingent appropriations; to create and enact six new sections to chapter 15-10 of the North Dakota Century Code, relating to provisions of matching grants for the advancement of postsecondary academics; to amend and reenact sections 15-10-47, 15-52-01, 15-52-03, 15-52-04, 15-52-05, 15-52-09, 15-52-31, and 15-62.2-02, subsection 2 of section 15-70-04, and section 54-44.1-11 of the North Dakota Century Code, relating to construction project variance reports, the state medical center, student financial assistance grants, tribally controlled community college grants, and the cancellation of unexpended appropriations; to repeal section 5 of Senate Bill No. 2018, as approved by the sixty-third legislative assembly, relating to a contingent appropriation; to provide an exemption; to provide for transfer of funds; to authorize the state board of higher education to issue and sell bonds for capital projects; to provide for budget section reports; to provide loan authorization for the university of North Dakota school of medicine and health sciences facility project; to provide for legislative management reports; to provide for a legislative management study; and to provide an expiration date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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 North Dakota university system office and to the various entities and institutions under the supervision of the state board of higher education for the purpose of defraying the expenses of the North Dakota university system office and to the various entities for the biennium beginning July 1, 2013, and ending June 30, 2015, as follows:

Subdivision 1.

NORTH DAKOTA UNIVERSITY SYSTEM OFFICE

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Capital assets - bond payments	\$12,204,769	(\$1,768,724)	\$10,436,045
Competitive research program	7,050,000	0	7,050,000
System governance	7,349,806	5,316,696	12,666,502
Title II	1,006,472	0	1,006,472
System information technology services	36,006,667	2,655,884	38,662,551
Professional liability insurance	800,000	(800,000)	0
Student financial assistance grants	19,025,594	2,220,085	21,245,679
Professional student exchange program	3,321,438	953,577	4,275,015
Academic and technical education scholarships	10,000,000	0	10,000,000
Two-year campus marketing	800,000	0	800,000
Scholars program	2,113,584	0	2,113,584
Native American scholarships	574,267	75,000	649,267
Tribally controlled community college grants	1,000,000	0	1,000,000
Education incentive programs	3,176,344	172,656	3,349,000
Deferred maintenance pool	0	10,000,000	10,000,000
Master plan and space utilization study	0	1,000,000	1,000,000
Student mental health	0	282,520	282,520

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Education challenge fund	0	29,000,000	29,000,000
Performance funding pool	0	5,000,000	5,000,000
Capital projects contingency pool	0	5,483,413	5,483,413
Total all funds	\$104,428,941	\$59,591,107	\$164,020,048
Less estimated income	3,056,229	(756,317)	2,299,912
Total general fund	\$101,372,712	\$60,347,424	\$161,720,136
Full-time equivalent positions	100.31	12.60	112.91

Subdivision 2.

BISMARCK STATE COLLEGE

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$27,628,314	\$5,025,340	\$32,653,654
Capital assets	417,673	19,300,000	19,717,673
Total all funds	\$28,045,987	\$24,325,340	\$52,371,327
Less estimated income	0	6,665,000	6,665,000
Total general fund	\$28,045,987	\$17,660,340	\$45,706,327
Full-time equivalent positions	126.96	0.00	126.96

Subdivision 3.

LAKE REGION STATE COLLEGE

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$9,003,614	\$3,425,483	\$12,429,097
Capital assets	155,367	5,650,184	5,805,551
Total all funds	\$9,158,981	\$9,075,667	\$18,234,648
Less estimated income	0	0	0
Total general fund	\$9,158,981	\$9,075,667	\$18,234,648
Full-time equivalent positions	40.22	0.00	40.22

Subdivision 4.

WILLISTON STATE COLLEGE

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$8,849,685	\$3,933,821	\$12,783,506
Capital assets	197,801	13,340,354	13,538,155
Total all funds	\$9,047,486	\$17,274,175	\$26,321,661
Less estimated income	0	0	0
Total general fund	\$9,047,486	\$17,274,175	\$26,321,661
Full-time equivalent positions	44.15	0.00	44.15

Subdivision 5.

UNIVERSITY OF NORTH DAKOTA

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$140,457,484	\$12,897,283	\$153,354,767
Capital assets	4,411,566	169,277,262	173,688,828
Total all funds	\$144,869,050	\$182,174,545	\$327,043,595
Less estimated income	0	96,487,262	96,487,262

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Total general fund	\$144,869,050	\$85,687,283	\$230,556,333
Full-time equivalent positions	642.20	(8.60)	633.60

Subdivision 6.

NORTH DAKOTA STATE UNIVERSITY

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$125,015,305	\$15,326,235	\$140,341,540
Capital assets	<u>2,732,244</u>	<u>67,939,356</u>	<u>70,671,600</u>
Total all funds	\$127,747,549	\$83,265,591	\$211,013,140
Less estimated income	<u>0</u>	<u>39,819,356</u>	<u>39,819,356</u>
Total general fund	\$127,747,549	\$43,446,235	\$171,193,784
Full-time equivalent positions	495.21	(4.00)	491.21

Subdivision 7.

NORTH DAKOTA STATE COLLEGE OF SCIENCE

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$34,186,542	\$3,994,914	\$38,181,456
Capital assets	<u>1,012,379</u>	<u>9,435,879</u>	<u>10,448,258</u>
Total all funds	\$35,198,921	\$13,430,793	\$48,629,714
Less estimated income	<u>0</u>	<u>1,350,000</u>	<u>1,350,000</u>
Total general fund	\$35,198,921	\$12,080,793	\$47,279,714
Full-time equivalent positions	171.87	0.00	171.87

Subdivision 8.

DICKINSON STATE UNIVERSITY

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$22,383,539	\$4,715,688	\$27,099,227
Capital assets	<u>409,078</u>	<u>0</u>	<u>409,078</u>
Total all funds	\$22,792,617	\$4,715,688	\$27,508,305
Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>
Total general fund	\$22,792,617	\$4,715,688	\$27,508,305
Full-time equivalent positions	100.32	0.00	100.32

Subdivision 9.

MAYVILLE STATE UNIVERSITY

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$12,775,788	\$1,588,636	\$14,364,424
Capital assets	<u>358,992</u>	<u>7,663,650</u>	<u>8,022,642</u>
Total all funds	\$13,134,780	\$9,252,286	\$22,387,066
Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>
Total general fund	\$13,134,780	\$9,252,286	\$22,387,066
Full-time equivalent positions	62.78	0.00	62.78

Subdivision 10.

MINOT STATE UNIVERSITY

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$37,838,974	\$8,471,237	\$46,310,211
Capital assets	899,620	13,532,595	14,432,215
Total all funds	\$38,738,594	\$22,003,832	\$60,742,426
Less estimated income	0	11,801,785	11,801,785
Total general fund	\$38,738,594	\$10,202,047	\$48,940,641
Full-time equivalent positions	201.76	0.00	201.76

Subdivision 11.

VALLEY CITY STATE UNIVERSITY

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$17,694,741	\$2,996,394	\$20,691,135
Capital assets	408,319	8,991,990	9,400,309
Total all funds	\$18,103,060	\$11,988,384	\$30,091,444
Less estimated income	0	4,806,837	4,806,837
Total general fund	\$18,103,060	\$7,181,547	\$25,284,607
Full-time equivalent positions	97.29	0.00	97.29

Subdivision 12.

DAKOTA COLLEGE AT BOTTINEAU

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$6,489,750	\$1,430,793	\$7,920,543
Capital assets	115,507	8,744,609	8,860,116
Total all funds	\$6,605,257	\$10,175,402	\$16,780,659
Less estimated income	0	7,600,789	7,600,789
Total general fund	\$6,605,257	\$2,574,613	\$9,179,870
Full-time equivalent positions	36.12	0.00	36.12

Subdivision 13.

UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$47,747,971	\$8,757,663	\$56,505,634
Total all funds	\$47,747,971	\$8,757,663	\$56,505,634
Less estimated income	0	0	0
Total general fund	\$47,747,971	\$8,757,663	\$56,505,634
Full-time equivalent positions	156.55	0.00	156.55

Subdivision 14.

NORTH DAKOTA FOREST SERVICE

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$5,514,681	\$735,298	\$6,249,979
Capital assets	97,791	788,419	886,210

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Total all funds	\$5,612,472	\$1,523,717	\$7,136,189
Less estimated income	<u>1,650,000</u>	<u>0</u>	<u>1,650,000</u>
Total general fund	\$3,962,472	\$1,523,717	\$5,486,189
Full-time equivalent positions	28.00	1.00	29.00

Subdivision 15.

BILL TOTAL

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Grand total all funds	\$611,231,666	\$457,554,190	\$1,068,785,856
Grand total special funds	<u>4,706,229</u>	<u>167,774,712</u>	<u>172,480,941</u>
Grand total general fund	\$606,525,437	\$289,779,478	\$896,304,915

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-FOURTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-second legislative assembly for the 2011-13 biennium and the 2013-15 one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2011-13</u>	<u>2013-15</u>
Capital projects - general fund	\$47,136,000	\$155,691,350
Capital projects - other funds	105,065,555	168,531,029
Capital projects contingency pool	0	5,483,413
Campus deferred maintenance projects	0	440,000
Performance funding pool	0	5,000,000
Dickinson state university operating funds	900,000	800,000
Minot state university flood recovery funds	0	2,500,000
Dakota college at Bottineau - campus software updates	0	28,500
Special assessments payments	819,357	0
Mayville state university drainage study	55,000	0
UND school of medicine space utilization study	100,000	0
Williston state college operating funds	2,000,000	0
Emerald ash borer program	250,000	0
Deferred maintenance pool	0	10,000,000
Education challenge fund	0	29,000,000
Health care workforce initiative	0	7,414,806
Master plan and space utilization study	<u>0</u>	<u>1,000,000</u>
Total all funds	\$156,325,912	\$385,889,098
Total other funds	<u>105,065,555</u>	<u>168,531,029</u>
Total general fund	\$51,260,357	\$217,358,069

The 2013-15 one-time funding amounts are not a part of the entity's base budget for the 2013-15 biennium. The North Dakota university system shall report to the appropriations committees of the sixty-fourth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2013, and ending June 30, 2015.

SECTION 3. CONTINGENT APPROPRIATIONS - DICKINSON STATE UNIVERSITY - DEPARTMENT OF PUBLIC INSTRUCTION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$6,000,000, or so much of the sum as may be necessary, to Dickinson state university for the purpose of awarding a grant as provided under this section, and out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$5,000,000, or so much of the sum as may be necessary, to the department of public instruction for the purpose of awarding a grant as provided under this section, for the biennium beginning July 1, 2013, and ending June 30, 2015.

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The funding appropriated to Dickinson state university under this section is for the purpose of awarding a grant to the Theodore Roosevelt center or the Theodore Roosevelt presidential library for the construction of a Theodore Roosevelt presidential library, for the biennium beginning July 1, 2013, and ending June 30, 2015. Dickinson state university may not use any of the funds appropriated in this section for administrative costs and may not award any of the funds until the grant recipient has raised at least \$3,000,000 from nonstate sources for the project. A grant awarded under this section may be used only for construction costs of the Theodore Roosevelt presidential library. The facility constructed may be used only to house the Theodore Roosevelt presidential library.

The funding appropriated to the department of public instruction under this section is for the purpose of awarding a grant to a state agency or nonprofit organization to construct a children's science center in the city where the state capitol is located for providing informal science education to children and others.

The funding provided under this section is available only if the sum of actual general fund revenues and the amount by which the July 1, 2013, unobligated general fund balance is more than the legislative estimate made at the close of the 2013 regular legislative session exceeds three and one-half percent of the estimated general fund revenues for the period from July 1, 2013, through June 30, 2014, as determined by the office of management and budget. For purposes of this section, "actual general fund revenues" and "estimated general fund revenues" exclude the estimated July 1, 2013, unobligated general fund balance and transfers into the general fund from the strategic investment and improvements fund, the mill and elevator, the lottery, and the gas tax administration. The funding provided in this section is considered a one-time funding item.

SECTION 4. AMENDMENT. Section 15-10-47 of the North Dakota Century Code is amended and reenacted as follows:

15-10-47. Construction projects at institutions of higher education - Variance reports.

1. Whenever any new construction, renovation, or repair, valued at more than two hundred fifty thousand dollars is underway on the campus of an institution of higher education under the control of the state board of higher education, the board shall provide ~~monthly~~semiannual project variance reports to the director of the office of management and budget. Each report must include:
 - a. The name or a description of the project;
 - b. The expenditure authorized by the legislative assembly;
 - c. The amount of the original contract;
 - d. The amount of any change orders;
 - e. The amount of any potential or anticipated change orders;
 - f. The sum of subdivisions c through e and the amount by which that sum varies from the expenditure authorized by the legislative assembly;
 - g. The total expended for the project to date; and
 - h. The scheduled date of completion as noted in the original contract and the latest available scheduled date of completion.
2. The state board of higher education also shall provide to the director of the office of management and budget, at the same time as the project variance report required by subsection 1:
 - a. A brief description of each change order included in subdivision d of subsection 1; and

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- b. A list of each public and nonpublic entity that has a contractually reflected financial obligation with respect to the project.
- 3. The office of management and budget shall review the information received under this section and provide reports to the budget section of the legislative management upon request.

SECTION 5. A new section to chapter 15-10 of the North Dakota Century Code is created and enacted as follows:

Advancement of academics - Matching grants - University of North Dakota and North Dakota state university.

- 1. a. During the period beginning July 1, 2013, and ending December 31, 2014, the state board of higher education shall award one dollar in matching grants for every two dollars raised by the institutional foundations of the university of North Dakota and North Dakota state university for projects dedicated exclusively to the advancement of academics.
- b. To be eligible for a matching grant, an institution must demonstrate that:
 - (1) Its foundation has raised at least fifty thousand dollars in cash or monetary pledges for a qualifying project; and
 - (2) The project has been approved by the grant review committee established in section 8 of this Act.
- c. The board may award up to ten million dollars in matching grants to each institution.
- 2. a. If any available dollars have not been awarded by the board before January 1, 2015, in accordance with subsection 1, either the university of North Dakota or North Dakota state university may apply for an additional matching grant.
- b. An application submitted under this subsection must meet the same criteria as an original application.
- c. The board shall consider each application submitted under this subsection in chronological order.
- d. If the remaining dollars are insufficient to provide a matching grant in the amount of one dollar for every two dollars raised by the institutional foundation, the board shall award a lesser amount.

SECTION 6. A new section to chapter 15-10 of the North Dakota Century Code is created and enacted as follows:

Advancement of academics - Matching grants - Two-year and four-year institutions of higher education.

- 1. a. During the period beginning July 1, 2013, and ending December 31, 2014, the state board of higher education shall award one dollar in matching grants for every two dollars raised by the institutional foundations of Bismarck state college, Dakota college at Bottineau, Dickinson state university, Lake Region state college, Mayville state university, Minot state university, North Dakota state college of science, Valley City state university, and Williston state college for projects dedicated exclusively to the advancement of academics.
- b. To be eligible for a matching grant, an institution must demonstrate that:
 - (1) Its foundation has raised at least twenty-five thousand dollars in cash or monetary pledges for a qualifying project; and

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- (2) The project has been approved by the grant review committee established in section 8 of this Act.
- c. The board may award up to one million dollars in matching grants to each institution.
2. a. If any available dollars have not been awarded by the board before January 1, 2015, in accordance with subsection 1, any institution listed in subsection 1 may apply for an additional matching grant.
- b. An application submitted under this subsection must meet the same criteria as an original application.
- c. The board shall consider each application submitted under this subsection in chronological order.
- d. If the remaining dollars are insufficient to provide a matching grant in the amount of one dollar for every two dollars raised by the institutional foundation, the board shall award a lesser amount.

SECTION 7. A new section to chapter 15-10 of the North Dakota Century Code is created and enacted as follows:

Liability for pledged amount.

If the state board of higher education provides grant funds under this Act to an institution on the basis of a monetary pledge and if the amount forthcoming is less than the amount pledged, the institutional foundation is liable to the institution for any shortfall.

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

Grant review committee.

1. There is created a grant review committee consisting of:
- a. The governor, or the governor's designee, who shall serve as the chairman;
- b. Two members of the house of representatives appropriations committee, selected by the majority leader of the house of representatives;
- c. Two members of the senate appropriations committee, selected by the majority leader of the senate;
- d. Two members appointed by the governor, with the consent of the legislative management; and
- e. Two members appointed by the state board of higher education, with the consent of the legislative management.
2. The gubernatorial appointees must have an understanding of higher education's role in advancing agriculture, the arts, commerce and finance, manufacturing, mineral extraction, natural resources, and the professions.
3. The grant review committee shall establish its rules of operation and procedure and shall develop and publish the criteria upon which all requests for matching grants will be reviewed.
4. A request for a matching grant must be presented to the committee by the president of the institution. The president may be accompanied by other individuals having an expertise with respect to the project.

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

Grant review committee - Compensation.

Each member of the grant review committee is entitled to receive compensation in the amount of one hundred thirty-five dollars per day plus reimbursement for expenses as provided by law for state officers if the member is attending meetings or performing duties directed by the committee. The compensation provided for in this section may not be paid to any member of the committee who receives a salary or other compensation as an employee or official of this state if the individual is serving on the committee by virtue of the individual's state office or state employment.

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

Definition.

For purposes of this Act, projects dedicated to the advancement of enhanced academics include investments in research, scholarships, technology, endowed chairs, and investments in educational infrastructure, including new capital construction projects that conform with the university system campus master plan and space utilization study.

SECTION 11. AMENDMENT. Section 15-52-01 of the North Dakota Century Code is amended and reenacted as follows:

15-52-01. School of medicine and health sciences.

The primary purpose of the university of North Dakota school of medicine and health sciences is to educate physicians and other health professionals for subsequent service in North Dakota and to enhance the quality of life ~~in North Dakota~~ of its people. Other purposes include the discovery of knowledge that benefits the people of this state and enhances the quality of their lives.

SECTION 12. AMENDMENT. Section 15-52-03 of the North Dakota Century Code is amended and reenacted as follows:

15-52-03. School of medicine and health sciences advisory council - Members, terms, meetings.

1. To assure the proper coordination of the university of North Dakota school of medicine and health sciences with all other health activities of the state, a permanent school of medicine and health sciences advisory council is established to perform the duties in section 15-52-04.
2. The council consists of fifteen members:
 - a. (1) Two members of the senate, one of whom must be from the majority party and one of whom must be from the minority party, selected by the chairman of the legislative management; and
 - (2) Two members of the house of representatives, one of whom must be from the majority party and one of whom must be from the minority party, to be selected by the chairman of the legislative management;
 - b. One member selected by each of the following:
 - (1) The department of human services;
 - (2) The state board of higher education;
 - (3) The state department of health;

- (4) The North Dakota medical association;
 - (5) The North Dakota hospital association;
 - (6) The veterans administration hospital in Fargo; and
 - (7) The university of North Dakota center for rural health; and
- c. Four members selected by the dean of the university of North Dakota school of medicine and health sciences, one from each of the four campuses of the school of medicine and health sciences with headquarters in Bismarck, Fargo, Grand Forks, and Minot.
3. The representatives named by the state agencies and boards must be selected to serve as members of the advisory council for periods of at least one year, but may not serve longer than their term of office on the public agency. The representatives from the North Dakota state medical association and the North Dakota hospital association shall serve a term of three years or until their successors are named and qualified.
 4. The council shall name its own chairman and the dean of the university of North Dakota school of medicine and health sciences shall serve as executive secretary of the council. The executive secretary does not have voting privileges. The council shall meet not less than twice each year, and, from time to time, on its own motion or upon request of the university administration.

SECTION 13. AMENDMENT. Section 15-52-04 of the North Dakota Century Code is amended and reenacted as follows:

15-52-04. Duties of council.

1. The advisory council, in consultation with the school of medicine and health sciences and the other agencies, associations, and institutions represented on the advisory council, shall study and make recommendations regarding the strategic plan, programs, and facilities of the school of medicine and health sciences in support of its purpose as defined in section 15-52-01.
2. Biennially, the advisory council shall submit a report, together with its recommendations, to the agencies, associations, and institutions represented on the advisory council, to the university of North Dakota, and to the legislative council.
3. a. The report must describe the advisory council's recommendations regarding the strategic plan, programs, and facilities of the school of medicine and health sciences as developed under subsection 1. The recommendations for implementing strategies through the school of medicine and health sciences or other agencies and institutions must:
 - (1) Address the health care needs of the people of the state; ~~and~~
 - (2) Provide information regarding the state's health care workforce needs; and
 - (3) Provide information that specifies the contributions that the university of North Dakota school of medicine and health sciences and the residency training programs in the state are making to meet the health care provider workforce needs of the state. Such information must include data regarding:
 - (a) The effectiveness of activities conducted throughout the state relating to the recruitment and progression of students into medical school and into the health care provider workforce;
 - (b) Class characteristics of the medical school matriculants, specifically to include a description of their geographic background;

- (c) Residency choices of medical school graduates;
 - (d) Practice location choices of graduates of North Dakota residencies; and
 - (e) Any other relevant information that the university of North Dakota school of medicine and health sciences advisory council determines to be important and useful in assessing the degree of success of the university of North Dakota school of medicine and health sciences in meeting the health care workforce needs of the state as specified in section 15-52-01.
- b. The recommendations required under subdivision a may address:
- (1) Medical education and training;
 - (2) The recruitment and retention of physicians and other health care professionals;
 - (3) Factors influencing the practice environment for physicians and other health care professionals;
 - (4) Access to health care;
 - (5) Patient safety;
 - (6) The quality of health care and the efficiency of its delivery; and
 - (7) Financial challenges in the delivery of health care.

4. The council may consult with any individual or entity in performing its duties under this section.

SECTION 14. AMENDMENT. Section 15-52-05 of the North Dakota Century Code is amended and reenacted as follows:

15-52-05. Facilities.

The university authorities shall make the facilities of the university of North Dakota school of medicine and health sciences available to all agencies of the state, federal, and local governments engaged in health and welfare activities to the fullest extent possible within the limits of a complete and coordinated program for the use thereof on terms commensurate with the cost of services rendered and facilities furnished. The work of the school of medicine and health sciences must be coordinated with the work of the other departments of the university of North Dakota. Means must be provided whereby regularly enrolled students in other schools or departments of the university of North Dakota may, upon approval of the dean of such other school or department, enroll in elective courses in the medical school and receive credit therefor in the school or department in which they are regularly enrolled, subject to such policy and procedures as may be established by the university of North Dakota and the state board of higher education. Medical students may enroll in other departments and schools. Such action must be taken as may serve to make both the school of medicine and health sciences and the other departments and schools of the university of North Dakota more efficient and responsive to needs of the people through the mutual interchange of facilities, and service, wherever possible.

SECTION 15. AMENDMENT. Section 15-52-09 of the North Dakota Century Code is amended and reenacted as follows:

15-52-09. Expenditure of proceeds of one-mill levy authorized - Limitation.

The proceeds of the one-mill tax levy established by section 10 of article X of the Constitution of North Dakota, together with any other funds that may be received by the state treasurer, from time to time, for the benefit of the ~~North Dakota state medical center~~ university of North Dakota school of medicine and health sciences, must be expended to establish, develop, and maintain the university of

North Dakota school of medicine and health sciences, as provided in this chapter, by the issuance of state warrants drawn on such funds by the director of the office of management and budget.

SECTION 16. AMENDMENT. Section 15-52-31 of the North Dakota Century Code is amended and reenacted as follows:

15-52-31. Admission of students - Qualifications.

The faculty of the school of medicine and health sciences at the university of North Dakota may, with the advice of the school of medicine and health sciences advisory council and with the approval of the state board of higher education and in accordance with applicable accreditation requirements as specified by the liaison committee on medical education, adopt such rules and regulations governing the education and residency qualifications of applicants for admission to the school of medicine and health sciences as it deems necessary and proper to carry out its purpose as provided in section 15-52-01.

SECTION 17. AMENDMENT. Section 15-62.2-02 of the North Dakota Century Code is amended and reenacted as follows:

15-62.2-02. State board of higher education - Powers and duties.

The state board of higher education shall:

1. Administer the North Dakota student financial assistance program and the North Dakota scholars program and adopt functional rules regarding the eligibility and selection of grant and scholarship recipients.
2. Determine the amount of individual grants, which may not exceed one thousand ~~five~~six hundred ~~fifty~~ dollars per recipient per academic year, under the North Dakota student financial assistance program.
3. For the North Dakota student financial assistance program, adopt criteria for substantial need, based upon the ability of the parents or guardian to contribute toward the applicant's educational expenses.
4. Establish the appropriate procedures for fiscal control, fund accounting, and necessary reports.
5. Apply for, receive, expend, and administer granted moneys from federal or private sources.

SECTION 18. AMENDMENT. Subsection 2 of section 15-70-04 of the North Dakota Century Code is amended and reenacted as follows:

2. If an application is approved, the state board of higher education shall distribute to the tribally controlled community college, during each year of the biennium, an amount equivalent to the most recent per student payment provided in accordance with the Tribally Controlled Colleges and Universities Assistance Act of 1978 [25 U.S.C. 20] for each nonbeneficiary student who is a resident of the state. If the amount appropriated is insufficient to meet the requirements of this section, the board shall prorate the amount to be distributed. The board may distribute no more than one-half of the biennial legislative appropriation provided for grants under this section during the first year of the biennium.

SECTION 19. AMENDMENT. Section 54-44.1-11 of the North Dakota Century Code is amended and reenacted as follows:

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54-44.1-11. (Effective through July 31, ~~2013~~2015) 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, ~~2013~~2015) 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 20. REPEAL. Section 5 of Senate Bill No. 2018, as approved by the sixty-third legislative assembly, is repealed.

SECTION 21. 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 for the period beginning with the effective date of this Act and ending June 30, 2015, by the state board of higher education to the institutions and entities under its control based on the recommendations of the commissioner of higher education 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 the university system master plan and space utilization study. However, the state board of higher education may distribute up to one-half of the funds in the pool to institutions prior to the completion of the master plan and space utilization study.
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 performance funding pool line item includes funding that may be allocated to institutions based on the institution meeting specified goals or other performance measures as determined by the board. The funding in the performance funding pool may not be used for the operations or any function of the university system office. The state board of higher education shall consider any allocations from the oil and gas impact grant fund to higher education institutions when determining allocations to institutions from the performance funding pool. During the 2013-14 interim, the state board of higher education shall provide a report to the legislative management regarding the distribution of funds from the performance funding pool.

SECTION 22. SYSTEM INFORMATION TECHNOLOGY SERVICES - OFFICE CONSOLIDATION - LEGISLATIVE MANAGEMENT REPORTS - REPORT TO SIXTY-FOURTH LEGISLATIVE ASSEMBLY. Upon the completion of the joint information technology building project on the campus of the university of North Dakota, as approved by the sixty-second legislative assembly, the state board of higher education shall require system information technology services staff offices of newly hired employees to be located in the building unless the position is specifically assigned to an institution or the university system office. During the 2013-14 interim, the state board of higher education shall provide annual reports to the budget section and information technology committee regarding the status of the consolidation of university system information technology services, including the location of staff members providing those services. The university system shall provide a report to the appropriations committees of the sixty-fourth legislative assembly regarding the consolidation of university system information technology services and shall provide a comprehensive report of the budget for all university system information technology services, including services provided by institutions.

SECTION 23. UNIVERSITY OF NORTH DAKOTA - RESEARCH ENTERPRISE AND COMMERCIALIZATION BUILDING PURCHASE - BUDGET SECTION REPORT. During the period beginning with the effective date of this Act and ending June 30, 2015, the state board of higher education may enter a purchase and financing agreement or agreements with a private entity and do all things necessary and proper to authorize the purchase of the research enterprise and commercialization building on the campus of the university of North Dakota using donations, gifts, or other funds. The state board of higher education shall provide a report to the budget section if the research enterprise and commercialization building is purchased as provided under this section.

SECTION 24. CAPITAL PROJECTS CONTINGENCY POOL - TRANSFER AUTHORITY - BUDGET SECTION REPORT. The capital projects contingency pool line item contained in

subdivision 1 of section 1 of this Act includes funding that may be transferred to institutions for capital projects as provided under this section. The state board of higher education may transfer funds from the capital projects contingency pool to an institution if the lowest acceptable bid received for a capital project exceeds the legislative appropriation provided for the project. The board shall provide a prorated amount to institutions from the pool if the amount of funding required for eligible projects exceeds available funding. An institution may only receive funding from the pool for capital projects that receive a general fund appropriation and are authorized under this Act. For purposes of this section, the "legislative appropriation provided for a project" does not include funds appropriated from private donations and other local funds to enhance a project. During the 2013-14 interim, the state board of higher education shall provide periodic reports to the budget section regarding funds distributed from the capital projects contingency pool.

SECTION 25. CAMPUS CAPITAL PROJECTS - PROJECT MANAGEMENT. During the biennium beginning July 1, 2013, and ending June 30, 2015, 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 26. BISMARCK STATE COLLEGE COMMUNICATIONS AND CREATIVE ARTS CENTER. The capital assets line item in subdivision 2 of section 1 of this Act includes the sum of \$12,635,000 from the general fund and \$665,000 from special funds derived from donations and other income for the Bismarck state college communications and creative arts center project. The capital assets line item in subdivision 2 of section 1 of this Act also includes the sum of \$6,000,000 from special funds derived from donations and other income which may be used to construct a theater as part of the communications and creative arts center project. Up to \$600,000 of the general fund appropriation for the project may be used to develop programming at the communications and creative arts center that includes written and spoken communications, visual and performing arts, social sciences, history, law, economics, philosophy, and current events. Funding may be used for items including curriculum development, student activities, faculty enhancement, public programming, and the development and publication of appropriate media to promote these activities.

SECTION 27. UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES BISMARCK FAMILY PRACTICE CENTER SKYWALK PROJECT. The capital assets line item in subdivision 5 of section 1 of this Act includes the sum of \$750,000 from the general fund for the university of North Dakota school of medicine and health sciences Bismarck family practice center skywalk project. The university of North Dakota shall provide \$1 of nonstate funding for the project for every \$1 of funding used from the general fund appropriation.

SECTION 28. UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES FACILITY PROJECT - LOAN AUTHORIZATION. The legislative assembly authorizes the construction of the university of North Dakota school of medicine and health sciences facility project to be funded in two phases as provided under this section. The capital assets line item in subdivision 5 of section 1 of this Act includes the sum of \$60,450,000, or so much of the sum as may be necessary, for phase 1 of the project. The university of North Dakota may also seek funding from the capital projects contingency pool in accordance with section 24 of this Act for costs associated with phase 1 of the project. During the biennium beginning July 1, 2013, and ending June 30, 2015, and continuing into the biennium beginning July 1, 2015, and ending June 30, 2017, the state board of higher education may borrow the sum of \$62,000,000, or so much of the sum as may be necessary, from the Bank of North Dakota for completion of phase 2 of the school of medicine and health sciences facility project. The state board of higher education shall seek funding from the sixty-fourth legislative assembly to repay the loan authorized under this section.

SECTION 29. DICKINSON STATE UNIVERSITY - THEODORE ROOSEVELT CENTER - THEODORE ROOSEVELT PRESIDENTIAL LIBRARY. The operations line item in subdivision 8 of section 1 of this Act includes the sum of \$800,000 for the Theodore Roosevelt center. Of this amount, up to \$200,000 may be used for the planning and design of a facility to house the Theodore Roosevelt presidential library.

SECTION 30. MINOT STATE UNIVERSITY - FLOOD RECOVERY FUNDING. The sum of \$5,000,000 included in the operations line item in subdivision 10 of section 1 of this Act must be used by Minot state university to address housing, budget, and other needs relating to the 2011 flood, including capital, as determined by the university.

SECTION 31. 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, 2013, and ending June 30, 2015. 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 32. 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, 2013, and ending June 30, 2015.

SECTION 33. 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, 2013, and ending June 30, 2015. 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 based on the recommendation of the commissioner of higher education.

SECTION 34. 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, 2013, and ending June 30, 2015. All additional funds received under the North Dakota-Minnesota reciprocity agreement during the biennium beginning July 1, 2013, and ending June 30, 2015, are appropriated to the state board of higher education for reimbursement to institutions under the control of the board.

SECTION 35. TRANSFER AUTHORITY. If, during the biennium beginning July 1, 2013, and ending June 30, 2015, 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 36. FULL-TIME EQUIVALENT POSITION ADJUSTMENTS. Notwithstanding any other provisions of law, the state board of higher education may adjust full-time equivalent positions as needed, subject to the availability of funds, for institutions and entities under its control during the biennium beginning July 1, 2013, and ending June 30, 2015. The North Dakota university system shall report any adjustments to the office of management and budget before the submission of the 2015-17 biennium budget request.

SECTION 37. BOND ISSUANCE AUTHORIZATION - PURPOSES. The state board of higher education, in accordance with chapter 15-55, may arrange for the funding of projects authorized in this section, declared to be in the public interest, through the issuance of self-liquidating, tax-exempt evidences of indebtedness under chapter 15-55, beginning with the effective date of this Act and ending June 30, 2015. Evidences of indebtedness issued pursuant to this section are not a general obligation of the state of North Dakota. Any unexpended balance resulting from the proceeds of the evidences of indebtedness must be placed in a sinking fund to be used for the retirement of indebtedness. The

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evidences of indebtedness may be issued and the proceeds are appropriated in section 1 of this Act for the following capital projects:

University of North Dakota - Student housing facility	\$19,187,262
University of North Dakota - Wilkerson hall dining center	29,000,000
University of North Dakota - Resident apartment building	<u>8,300,000</u>
Total special funds	\$56,487,262

SECTION 38. LEGISLATIVE MANAGEMENT REPORT - POSTSECONDARY ACADEMIC MATCHING GRANTS. Before October 1, 2014, the state board of higher education shall provide a report to the legislative management regarding the number of matching grants that were sought, the number that were awarded, and the manner in which the grants were used as provided in sections 5 through 10 of this Act.

SECTION 39. LEGISLATIVE MANAGEMENT STUDY - STATE AGENCY LEGAL SERVICES. During the 2013-14 interim, the legislative management shall consider studying legal services provided by attorneys in executive branch state agencies. The study, if conducted, must review the services provided by attorneys in each agency, supervision of the attorneys in each agency, and whether the attorneys are classified as assistant or special assistant attorneys general. The study must also review the use of contracted legal services by each agency. The legislative management shall report its findings and recommendations, together with any legislation needed to implement the recommendations, to the sixty-fourth legislative assembly.

SECTION 40. EXPIRATION DATE. Sections 5 through 10 of this Act are effective through June 30, 2015, and after that date are ineffective.

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President of the Senate

Speaker of the House

Secretary of the Senate

Chief Clerk of the House

This certifies that the within bill originated in the Senate of the Sixty-third Legislative Assembly of North Dakota and is known on the records of that body as Senate Bill No. 2003.

Senate Vote: Yeas 31 Nays 11 Absent 5

House Vote: Yeas 75 Nays 17 Absent 2

Secretary of the Senate

Received by the Governor at _____ M. on _____, 2013.

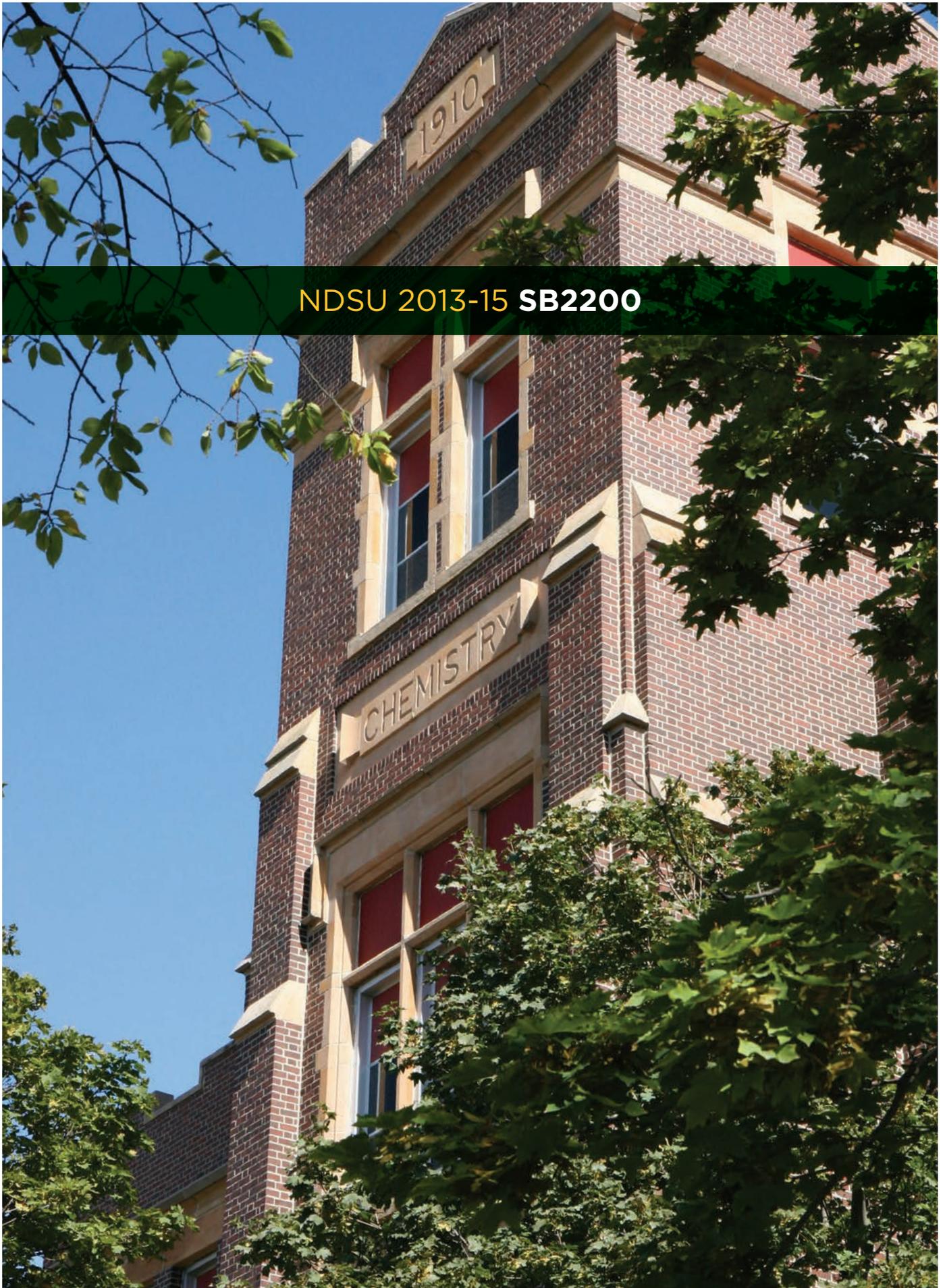
Approved at _____ M. on _____, 2013.

Governor

Filed in this office this _____ day of _____, 2013,

at _____ o'clock _____ M.

Secretary of State



NDSU 2013-15 SB2200

**NDUS Campuses and School of Medicine and Health Sciences (SMHS)
Summary of Increases Per Student Credit Hour (SCH) Funding Model**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Institution	GF BASE 2011-13	Adjusted Student Credit Hours (ASCH)	GF Base per ASCH (Col 1 / Col 2)	Equalized 2011-13 Base Budget at Ave Top Two Per ASCH Funding of Tier, Except UND/NDSU (Col 2 x Ave Top 2 per Tier in Col 3)	"Equalization/Equity" Payment 1/ (Col 4 - Col 1)	"Formula/Inflation" Payment 2/ (Col 5 + Col 6)	Total Increase Per SCH Funding Model (Col 5 + Col 6)	Final Appropriated Base General Funds for 2013-15 (Col 1 + Col 7)	NEW General Funds per ASCH (Col 8 / Col 2)
BSC	\$ 28,045,987	301,144	\$ 93.13	\$ 30,635,379	\$ 2,589,392	\$ 2,335,948	\$ 4,925,340	\$ 32,971,327	\$ 109.49
DCB	\$ 6,605,257	72,210	\$ 91.47	\$ 7,345,923	\$ 740,666	\$ 560,127	\$ 1,300,793	\$ 7,906,050	\$ 109.49
LRSC	\$ 9,158,981	114,027	\$ 80.32	\$ 1,159,967	\$ 2,440,986	\$ 884,497	\$ 3,325,483	\$ 12,484,464	\$ 109.49
NDCS	\$ 35,198,921	357,064	\$ 98.58	\$ 36,324,121	\$ 1,125,200	\$ 2,769,714	\$ 3,894,914	\$ 39,093,835	\$ 109.49
WSC	\$ 9,047,486	86,265	\$ 104.88	\$ 9,047,486	\$ -	\$ 689,871	\$ 689,871	\$ 9,737,357	\$ 112.88
Subtotal - 2 Year Campuses	\$ 88,056,632	930,710	Ave Top Two \$101.73	\$ 94,952,876	\$ 6,896,244	\$ 7,240,157	\$ 14,136,401	\$ 102,193,033	\$ 109.80
DSU	\$ 22,792,617	253,455	\$ 89.93	\$ 24,222,694	\$ 1,430,077	\$ 1,846,980	\$ 3,277,057	\$ 26,069,674	\$ 102.86
MASU	\$ 13,134,780	142,172	\$ 92.39	\$ 13,587,378	\$ 452,598	\$ 1,036,038	\$ 1,488,636	\$ 14,623,416	\$ 102.86
MISU	\$ 38,738,594	392,279	\$ 98.75	\$ 38,738,594	\$ -	\$ 2,953,818	\$ 2,953,818	\$ 41,692,412	\$ 106.28
VCSU	\$ 18,103,060	203,189	\$ 89.09	\$ 19,418,773	\$ 1,315,713	\$ 1,480,681	\$ 2,796,394	\$ 20,899,454	\$ 102.86
Subtotal - 4 Year Campuses	\$ 92,769,051	991,095	Ave Top Two \$95.57	\$ 95,967,439	\$ 3,198,388	\$ 7,317,517	\$ 10,515,905	\$ 103,284,956	\$ 104.21
NDSU	\$ 127,747,549	2,022,290	\$ 63.17	\$ 134,178,942	\$ 6,431,392	\$ 10,231,144	\$ 16,662,537	\$ 144,410,086	\$ 71.41
UND & SMHS	\$ 192,617,021	2,903,224	\$ 66.35	\$ 192,617,021	\$ -	\$ 14,687,048	\$ 14,687,048	\$ 207,304,069	\$ 71.41
Subtotal - Research Universities	\$ 320,364,570	4,925,514	Equalized @ UND Rate \$66.35	\$ 326,795,963	\$ 6,431,392	\$ 24,918,192	\$ 31,349,585	\$ 351,714,155	\$ 71.41
TOTALS	\$ 501,190,253	6,847,319		\$ 517,716,277	\$ 16,526,024	\$ 39,475,866	\$ 56,001,890	\$ 557,192,143	

1/ The increases in column 5 adjust funding to the average of the top two funding per adjusted student credit hour (ASCH) between the campuses within the tiers for the 2-year campuses and 4-year campuses, and adjust NDSU to UND's funding/ASCH. Because WSC, MISU and UND have the highest funding per ASCH, they received no equalization/equity adjustment.

2/ The formula/inflation payment includes an increase of 5% per year on the annualized GF base (after equalization/equity payment) to fund a portion of the "state share" of the cost to continue FY13 salary and retirement increases, operating inflation, utility increases and 2013-15 salary, health insurance & retirement increases. Taken together, the formula ultimately funds WSC at \$112.88/ASCH and all other 2-year campuses at \$109.49/ASCH, MISU at \$106.28/ASCH and all other 4-year campuses at \$102.86/ASCH and the research universities at \$71.41/ASCH.

**Sixty-third Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 8, 2013**

SENATE BILL NO. 2200
(Senators Flakoll, Holmberg, O'Connell)
(Representatives Nathe, Sanford, Boe)

AN ACT to create and enact chapter 15-18.1 of the North Dakota Century Code, relating to the determination of funding for institutions of higher education; to provide an appropriation; to provide for a legislative management study; to provide for legislative intent; and to provide an expiration date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Chapter 15-18.1 of the North Dakota Century Code is created and enacted as follows:

15-18.1-01. Credit-hours - Determination.

1. For each institution under its control, the state board of higher education shall determine the number of credit-hours completed by students during the two-year period ending June thirtieth of each odd-numbered year.
2. For purposes of this section, a completed credit-hour is one for which a student met all institutional requirements and obtained a passing grade.

15-18.1-02. 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 15-18.1-01, 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 are:
 - (1) 1.9 for lower division credits;
 - (2) 3.8 for upper division credits;

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- (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;

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- (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 credits is 2.3.
- 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.

15-18.1-03. Credit completion factor - Determination.

- 1. For each institution under its control, the state board of higher education shall multiply the product determined under section 15-18.1-02 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;

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- 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.
2. 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 15-18.1-01.

15-18.1-04. Institutional size factor - Determination.

1. For each institution under its control, the state board of higher education shall multiply the product determined under section 15-18.1-03 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 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.

15-18.1-05. 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 15-18.1-04 by a base amount of:

- 1. \$66.35 in the case of North Dakota state university and the university of North Dakota;
- 2. \$95.57 in the case of Dickinson state university, Mayville state university, and Valley City state university;
- 3. \$98.75 in the case of Minot state university;
- 4. \$101.73 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.

15-18.1-06. Base funding - Minimum amount payable.

Notwithstanding any calculations required by this chapter, during each fiscal year, beginning with 2014-15, an institution may not receive less than ninety-six percent of the state aid to which the institution was entitled under this chapter during the previous fiscal year.

15-18.1-07. Funding - Distribution.

The state aid to which each institution is entitled under this chapter must be forwarded at the time and in the manner agreed to by the institution and the office of management and budget.

SECTION 2. LEGISLATIVE INTENT. In order to maintain the integrity of the funding formula established under this chapter, it is the intent of the legislative assembly that any proposed increases in the funding of institutions be achieved through the amendment of section 15-18.1-05.

SECTION 3. LEGISLATIVE MANAGEMENT STUDY - HIGHER EDUCATION FUNDING. During the 2013-14 interim, the legislative management shall appoint an interim committee to study higher education funding methods.

1. The committee shall review higher education funding methods and recommend for the North Dakota university system a new funding method that is not based on existing levels of funding.
2. The committee shall consult with representatives of the state board of higher education, the North Dakota university system office, higher education institutions, and other appropriate entities.
3. The committee shall consider:
 - a. The inclusion of tuition revenue as a component of the funding method;
 - b. The level of nonresident tuition rates, including whether the rates charged should provide for the entire cost of a student's education and whether state funding should be provided to offset the educational costs of nonresident students;
 - c. Options to address unique institution needs due to program facility requirements, local costs of goods and labor, and other extraordinary needs;
 - d. The appropriateness of including remedial education and dual-credit course completions in the funding method and which entity should be responsible for paying course costs;
 - e. Facilities required to meet an institution's mission, including the utilization of existing institution facilities and additional facilities needs as identified in the university system campus master plan and space utilization study;
 - f. Administrative costs at institutions, including the appropriateness of providing separate funding allocations to institutions for instructional and administrative costs;
 - g. Options to provide enhanced funding for programs that address state priorities and workforce needs;
 - h. Options to provide performance funding distributions to campuses for meeting specified goals such as on-time graduation rates and job placements; and
 - i. Any other issues the committee deems appropriate.
4. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly.

SECTION 4. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$150,000, or so much of the sum as may be necessary, to the legislative council for the purpose of defraying expenses associated with the study of higher education funding as provided for in section 3 of this Act, for the biennium beginning July 1, 2013, and ending June 30, 2015.

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SECTION 5. EXPIRATION DATE. Section 15-18.1-06 of this Act is effective through June 30, 2017, and after that date is ineffective.

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President of the Senate

Speaker of the House

Secretary of the Senate

Chief Clerk of the House

This certifies that the within bill originated in the Senate of the Sixty-third Legislative Assembly of North Dakota and is known on the records of that body as Senate Bill No. 2200.

Senate Vote: Yeas 41 Nays 1 Absent 5

House Vote: Yeas 91 Nays 0 Absent 3

Secretary of the Senate

Received by the Governor at _____ M. on _____, 2013.

Approved at _____ M. on _____, 2013.

Governor

Filed in this office this _____ day of _____, 2013,
at _____ o'clock _____ M.

Secretary of State

SB 2200

January 22, 2013

Senator Tim Flakoll

Improved Funding Mechanism for Higher Education

Mr. Chairman and members of the Senate Education Committee. For the record, I am Senator Tim Flakoll of District 44 of Fargo and prime sponsor of SB 2200.

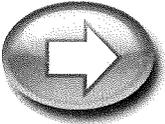
For many years the funding mechanism for higher education has been debated in North Dakota and other states across the country. While North Dakota has made major new investments in higher education in the near term, those investments have been based on historic funding levels and generally not set metrics that are transparent, consistent, readily understood or rooted in a logical measurable set of data. As such it has not enjoyed as broad base of legislative and citizen support as it could.

Funding within programs and between campuses has been hotly debated with few improvements. As such, campuses with growing usage do not necessarily have funds that reflect those changes in the growth or higher cost programs that are needed to meet our workforce needs (example: nursing and engineering).

The new funding model funds campuses based on the credits that students successfully complete, rather than the current focus on historical funding, head count or class enrollments. The new formula, based on student credit hours completed, takes into account the varying costs of educational instruction, including advanced levels of study, campus size and credit volume (output efficiency). It solves a decades long problem and should produce a seismic improvement in legislative trust and reduce infighting between campuses.

Since it is credit based, the formula places an equal value on summer school students as well as non-traditional students who are chipping away at their degree (example – a part time student who holds a full time job) to more traditional students who are in

their class. It provides an excellent solution regarding how the treat summer school courses. I believe it will lead to students taking a larger class load which will result in 1) earlier graduation, 2) reduced student loan debt, 3) getting workers more quickly into industry and 4) reducing the overall cost per grad.



This improved formula provides transparency, predictability, general ease of understanding and is outcome based.

For a new funding formula to be successful, it was thought that the mechanism must have a number of traits including:

- 1) Be transparent, consistent, comprehensive and relatively easy to understand.
- 2) Fosters trust with policy makers and be defensible.
- 3) Be free of funding silos or individual/campus manipulation.
- 4) Reflect the actual costs of credits that are higher cost to deliver, compared to those that can be delivered more efficiently.
- 5) Reflect the costs of different size campuses (physical plant) and their corresponding efficiencies.
- 6) Support the institutions with predictable and transparent funding to meet their mission.
- 7) Recognize and acknowledge different types of institutions and programmatic needs.
- 8) Similar to K-12, we wish to avoid over burdensome reporting that is not beneficial or reflective of our goals.
- 9) Encourage matriculation so that students graduate in a timely manner and foster student success.
- 10) A new funding mechanism that does not imply that some programs have more value than others.
- 11) Support student academic and personal growth.
- 12) In keeping with the spirit of North Dakota's desire for local involvement/control, provide flexibility to the institutions and enable local decision making.

- 13) Provides the state with a well prepared, highly trained workforce to meet our workforce and economic development needs.
- 14) The new formula will not include funds for major capital construction projects, scholarships, or the system office.

This proposed output based model is based on student credit hours completed which is a change from the current model which is largely based on historical funding levels. The new funding mechanism provides a North Dakota led solution that reflects North Dakota principals and priorities. It comes as a result of exhaustive efforts from campus finance leaders representing two-year campuses, four-year regional campuses and four-year research campuses.

I should also note for the record that all campus Presidents have gone on record as endorsing this new formula. The statistical odds of all 11 campuses agreeing on anything is statistically less likely than the Vikings winning the Super Bowl in the same year the Chicago Cubs win the World Series.

Funding Model Methodology

Using this formula, campus general base funding will be generated using passing grade, completed student credit hours at each higher education institution in the NDUS. These completed credit hours will then be included in a formula using factors for:

- 1) **Classification of Instructional Programs (CIP) Cost Factor** – reflects the actual historical cost of instruction at campuses in the system. Instructional subject disciplines offered according to the Classification of Instructional Programs (CIP) as directed by the U.S. Department of Education. Campuses have used this federal reporting nomenclature for the past 32 years.
- 2) **Credit volume completion factor** based on institution output (credits successfully completed) for the biennium.
- 3) **Institutional physical plant size factor.**

After the weighted credit hours have been determined using the applicable factors, those credit hours will be multiplied by the base funding target dollar amount for general funding for each institution tier type (2 year, 4 year, research).

I will now walk you through the funding formula greater detail and present you with an example of how it would work per credit.

Factor #1 of 4 - Level of Instruction – the higher the level of instruction or the more costly it is to deliver the more formula dollars they will receive.

These factors are found starting on page 1 line 13 of the bill and go through page 3 line 22 of the bill.

The weighting factors are increased based on a student's level of instruction (lower division, upper division, professional, MA/PhD and MD) to recognize the cost differences that occur as the level of instruction changes (see discipline cluster/matrix). The relative differences in weights represent the actual cost differences that have been encountered.

Discipline Cluster	Lower Division	Upper Division	Professional	Master's	Doctoral	MD
Core Disciplines	1.0	2.0	3.0	4.0	4.0	n/a
Agriculture	1.9	3.8	5.7	7.6	7.6	n/a
Architecture	1.8	3.6	5.4	7.2	7.2	n/a
Aviation	1.9	3.8	5.7	7.6	7.6	n/a
Biological/Physical Science	1.9	3.8	5.7	7.6	7.6	n/a
Business	1.9	3.8	5.7	7.6	7.6	n/a
Career and Technical	2.0	n/a	n/a	n/a	n/a	n/a
Education	1.9	3.8	5.7	7.6	7.6	n/a
Engineering	2.5	5.0	7.5	10.0	10.0	n/a
Health Sciences	3.0	6.0	9.0	12.0	12.0	38.0
Legal Studies	3.5	7.0	10.5	14.0	14.0	n/a
Remedial	2.3	n/a	n/a	n/a	n/a	n/a
-Weights follow the completed credits by subject area, not the student academic status.						

Credit Volume Completer Factor – Factor #2 of 4 - These are found starting on page 3 line 23.

Lower output institutions will receive an additional weighting factor to reflect the differences in efficiency (similar to our K-12 formula) due to campus academic output.

This factor is measured as individual campus student credit hours completed on a **biennial basis**. Where a campus fits will be adjusted each biennium as their credit volume changes to account for the variations in the efficiency of scale. The factor is applied as follows:

Credit Volume Factor	
<i>Biennium Completed Student Credit Hours (un-weighted)</i>	<i>Factor</i>
100,000+	1.00
95,000-99,999	1.05
90,000-94,999	1.10
85,000-89,999	1.15
80,000-84,999	1.20
75,000-79,999	1.25
70,000-74,999	1.30
65,000-69,999	1.35
60,000-64,999	1.40
55,000-59,999	1.45
50,000-54,999	1.50
45,000-49,999	1.55
40,000-44,999	1.60
35,000-39,999	1.65
30,000-34,999	1.70
25,000-29,999	1.75
20,000-24,999	1.80
15,000-19,999	1.85
10,000-14,999	1.90
5,000-9,999	1.95
0-4,999	2.00



Institutional Size/Physical Plant Factor – Factor #3 of 4

$$\frac{\text{Campus Perimeter Square Footage (from OMB data)}}{\text{Weighted Student Credit Hours (WSCH)}} = \text{Institutional Size Factor}$$

The Institutional Size Factor (space ratio) used for this factor is based on campus building square footage as validated by the ND Office of Management and Budget. Square footage is divided by the CIP weighted student credit hours (WSCH).

Square footage defined to include all campus Type I, II and III buildings/infrastructure, excluding:

Type I: Academic and Instructional buildings

Type II: General Support/Administration and other

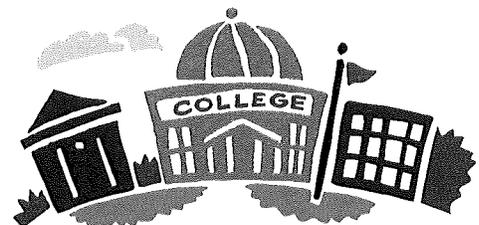
Type III: Auxiliary Facilities

The square footage does not include:

- NDSU Agricultural Research and Extension
- Technology parks
- Federal buildings/infrastructure
- Foundation-owned buildings/infrastructure
- Leased properties

After the ratio is calculated, the weighting factor used is determined as follows (see page 4 lines 18 - 29):

<i>Institutional Size Ratio</i>	<i>Factor</i>
0-4.99	1
5.0-7.99	1.8



Dollar Amount Per Credit of Base Funding – Factor #4 of 4

See page 5 lines 1 - 10.

The base dollar funding target for all institutions is based upon historical costs of their tier group. Funding will be the same within each of the three tiers - 2yr, 4yr and research. Credits completed will be counted and reconciled on an annual basis.

\$117.60/credit for 2-year campuses (BSC, DCB, LRSC, NDSCS, WSC)

\$ 110.80/credit for 4-year regional campuses (DSU, MASU, MiSU, VCSU,)

\$ 72.70/credit for 4-year research campuses (NDSU & UND)

The funding will be sent out from OMB directly to campuses. It is also important to note that the base formula funding for any campus may not drop by more than 4%/year for any campus through the 2015-2017 biennium. This sunset allows us to have a discussion during the 2017 session if we wish to continue that hold harmless policy.

Mr. Chairman, there are \$76.1 m new dollars for higher education in Governor's budget for this 2013-2015 funding model which includes:

- \$21 m to transition to new funding formula - this is about half of the cost of transition to a new formula that we had for K-12 in 2007.
- \$55.1 m for salary and benefit increases as well as operating cost and utility cost inflationary increases.

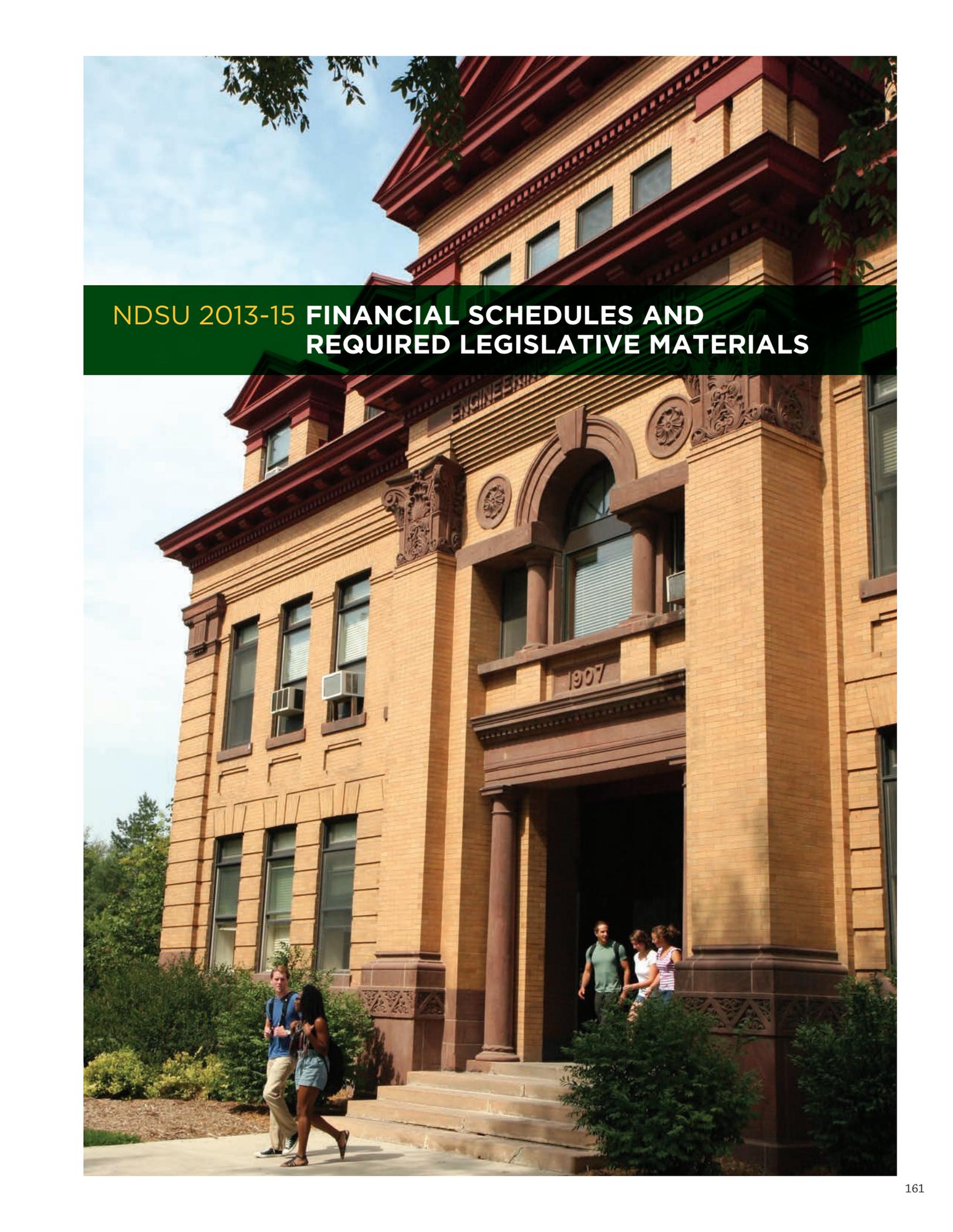
It is important to note that this formula does not have funds for capital construction costs in it. Capital projects will remain as a separate request to the legislature for funding consideration. Those projects will still be required to come before the Legislature from a list presented by the Board of Higher Education and upon recommendation of the Governor's budget.

Those construction funds, along with specific campus appropriations are found in SB 2003 which was heard last week before the Senate Appropriation committee. Those projects total \$177.9 in general funds for capital construction projects.

I will also note that our various scholarship programs such as merit based scholarships, needs based scholarships and Native American scholarships are outside this formula and independent decisions of the legislature. Also outside of the formula is the cost to operate the North Dakota University System office.

Mr. Chairman, as we move forward it is the intent that any changes to the base funding of state aid for higher education be done to the dollar amounts listed for each tier as found on page 5, lines 1 - 10. Obviously the current intent is that those three tiers would be raised relative to each other in terms of percentages and not simply similar dollar amounts.

That concludes my testimony and I would be happy to stand for any questions.



**NDSU 2013-15 FINANCIAL SCHEDULES AND
REQUIRED LEGISLATIVE MATERIALS**

2013-14 Annual Tuition Increase Options

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Total Costs 1/							
	State Share	Student Share	Total	Less Inflation	Unfunded Inflation- State & Student Share (Col 3 - 4)	Equalization & Other Base Increases 2/	Net Unfunded If Column 5 is > Column 6	Est Tuition Generated per 1% Increase
BSC	\$2,874,890	\$937,614	\$3,812,504	\$2,335,948	\$1,476,556	\$2,589,392		\$387,688
LRSC	878,783	285,433	1,164,216	884,497	\$279,719	2,440,986		131,153
WSC	785,667	244,627	1,030,294	689,871	\$340,423	2,500,000		51,353
NDSCS	2,660,748	859,875	3,520,623	2,769,714	\$750,909	1,125,200		228,760
DCB	515,119	169,408	684,527	560,127	\$124,400	740,666		51,353
DSU	2,093,059	883,054	2,976,113	1,846,980	\$1,129,133	1,430,077		222,433
MaSU	1,011,143	426,004	1,437,147	1,036,038	\$401,109	452,598		112,344
MISU	3,561,696	1,494,514	5,056,210	2,953,818	\$2,102,392	2,500,000		412,943
VCSU	1,470,604	616,196	2,086,800	1,480,681	\$606,119	1,315,713		145,813
UND/SMHS	18,014,205	10,410,858	28,425,063	14,687,048	\$13,738,015	542,857	13,195,158	2,801,388
NDSU	12,657,035	8,341,898	20,998,933	10,231,144	\$10,767,789	6,431,392	4,336,397	2,544,771
Total	\$46,522,949	\$24,669,481	\$71,192,430	\$39,475,866	\$31,716,564	\$22,068,881	\$17,531,555	\$7,089,999

OPTION 1 - Fund Unfunded State & Student Share (Column 5)			OPTION 2 - Fund Student Share (Column 2)			OPTION 3 - Fund 2.5% @ 2-Yr Campuses; 3.5% @ 4-Yr Campuses; 4.0% @ UND/SMHS and NDSU		
Tuition Incr	Est Revenue	Est Excess (Shortfall)	Tuition Incr	Est Revenue	Est Excess (Shortfall)	Tuition Incr	Est Revenue	Est Excess (Shortfall)
3.81	\$1,476,556	\$0	2.42	\$937,614	(\$538,942)	2.50	\$969,220	(\$507,336)
2.13	\$279,719	\$0	2.18	\$285,433	\$5,714	2.50	\$327,883	\$48,164
6.63	\$340,423	\$0	4.76	\$244,627	(\$95,796)	2.50	\$128,383	(\$212,041)
3.28	\$750,909	\$0	3.76	\$859,875	\$108,966	2.50	\$571,900	(\$179,009)
2.42	\$124,400	\$0	3.30	\$169,408	\$45,008	2.50	\$128,383	\$3,983
5.08	\$1,129,133	\$0	3.97	\$883,054	(\$246,079)	3.50	\$778,516	(\$350,618)
3.57	\$401,109	\$0	3.79	\$426,004	\$24,895	3.50	\$393,204	(\$7,905)
5.09	\$2,102,392	\$0	3.62	\$1,494,514	(\$607,878)	3.50	\$1,445,301	(\$657,092)
4.16	\$606,119	\$0	4.23	\$616,196	\$10,077	3.50	\$510,346	(\$95,774)
4.90	\$13,738,015	\$0	3.72	\$10,410,858	(\$3,327,157)	4.00	\$11,205,552	(\$2,532,463)
4.23	\$10,767,789	\$0	3.28	\$8,341,898	(\$2,425,891)	4.00	\$10,179,084	(\$588,705)
	\$31,716,564	\$0		\$24,669,481	(\$7,047,083)		\$26,637,769	(\$5,078,795)

OPTION 4 - Fund 2% @ 2-Yr Campuses; 3% @ 4-Yr Campuses; 3.5% @ UND/SMHS and NDSU			OPTION 5 - Fund 1% @ 2-Yr Campuses; 2% @ 4-Yr Campuses; 3% @ UND/SMHS and NDSU			OPTION 6 - Equalization and Other Funding Included (Column 7)		
Tuition Incr	Est Revenue	Est Excess (Shortfall)	Tuition Incr	Est Revenue	Est Excess (Shortfall)	Tuition Incr	Est Revenue	Est Excess (Shortfall)
2.00	\$775,376	(\$701,180)	1.00	\$387,688	(\$1,088,868)	-	\$0	\$0
2.00	\$262,306	(\$17,413)	1.00	\$131,153	(\$148,566)	-	\$0	\$0
2.00	\$102,706	(\$237,717)	1.00	\$51,353	(\$289,070)	-	\$0	\$0
2.00	\$457,520	(\$293,389)	1.00	\$228,760	(\$522,149)	-	\$0	\$0
2.00	\$102,706	(\$21,694)	1.00	\$51,353	(\$73,047)	-	\$0	\$0
3.00	\$667,299	(\$461,834)	2.00	\$444,866	(\$684,267)	-	\$0	\$0
3.00	\$337,032	(\$64,077)	2.00	\$224,688	(\$176,421)	-	\$0	\$0
3.00	\$1,238,829	(\$863,563)	2.00	\$825,886	(\$1,276,506)	-	\$0	\$0
3.00	\$437,439	(\$168,680)	2.00	\$291,626	(\$314,493)	-	\$0	\$0
3.50	\$9,804,858	(\$3,933,157)	3.00	\$8,404,164	(\$5,333,851)	4.71	\$13,195,158	\$0
3.50	\$8,906,699	(\$1,861,091)	3.00	\$7,634,313	(\$3,133,476)	1.70	\$4,336,397	\$0
	\$23,092,770	(\$8,623,795)		\$18,675,850	(\$13,040,714)		\$17,531,555	\$0

1/ Total costs (column 3) include the following: \$16.6 million cost to continue FY2013 salary and retirement increases and 2011-13 SMHS increase in class sizes; \$6.5 million inflation; \$1.7 million utility increases; \$46.4 million for 2013-15 salary, health and retirement increases.

2/ Column 6 includes the following: \$16.5 million equalization/equity payments; \$2.5 million energy impact funds for WSC; \$2.5 million flood impact funds for MISU and \$542,857 partial funding to continue the 11-13 increase in SMHS class sizes.

Institution	Per ASCH Base - Average Top Two - SB2200	Adjusted Student Credit Hours (ASCH)	Per SCH Payment	GF BASE 2011-13	Equalized Base Budget	Equalized Base GF per ASCH	Equity Payment by Campus
BSC	\$ 101.73	301,144	\$ 30,635,379	\$ 28,045,987	\$ 30,635,379	\$ 101.73	\$ 2,589,392
DCB	\$ 101.73	72,210	\$ 7,345,923	\$ 6,605,257	\$ 7,345,923	\$ 101.73	\$ 740,666
LRSC	\$ 101.73	114,027	\$ 11,599,967	\$ 9,158,981	\$ 11,599,967	\$ 101.73	\$ 2,440,986
NDSCS	\$ 101.73	357,064	\$ 36,324,121	\$ 35,198,921	\$ 36,324,121	\$ 101.73	\$ 1,125,200
WCS	\$ 104.88	86,265	\$ 9,047,473	\$ 9,047,486	\$ 9,047,486	\$ 104.88	\$ -
DSU	\$ 95.57	253,455	\$ 24,222,694	\$ 22,792,617	\$ 24,222,694	\$ 95.57	\$ 1,430,077
MASU	\$ 95.57	142,172	\$ 13,587,378	\$ 13,134,780	\$ 13,587,378	\$ 95.57	\$ 452,598
MISU	\$ 98.75	392,279	\$ 38,737,551	\$ 38,738,594	\$ 38,738,594	\$ 98.75	\$ -
VCSU	\$ 95.57	203,189	\$ 19,418,773	\$ 18,103,060	\$ 19,418,773	\$ 95.57	\$ 1,315,713
NDSU	\$ 66.35	2,022,290	\$ 134,178,942	\$ 127,747,549	\$ 134,178,942	\$ 66.35	\$ 6,431,392
UND	\$ 66.35	2,903,224	\$ 192,617,021	\$ 192,617,021	\$ 192,617,021	\$ 66.35	\$ -
TOTALS			\$ 517,715,222	\$ 501,190,253	\$ 517,716,277		\$ 16,526,024

Institution	6% Annual Inflation Factor			Actual Est Costs Per Campus & Var to Across the Bd Applied Inflation Factor			
	FY2014 Inflation Adjustment (Includes continuation FY15)	FY2015 Inflation Adjustment	Total Inflation Adjustment	State Share Salaries/Benefits and Operating Inflation	Variance	State Share Salaries/Benefits	Variance
BSC	\$ 1,838,123	\$ 974,205	\$ 2,812,328	\$ 2,874,890	\$ (62,562)	\$ 2,410,629	\$ 401,699
DCB	\$ 7,345,923	\$ 233,600	\$ 674,356	\$ 515,119	\$ 159,237	\$ 444,869	\$ 229,487
LRSC	\$ 11,599,967	\$ 695,998	\$ 1,064,877	\$ 878,783	\$ 186,094	\$ 797,618	\$ 267,259
NDSCS	\$ 36,324,121	\$ 2,179,447	\$ 3,334,554	\$ 2,660,748	\$ 673,806	\$ 2,312,169	\$ 1,022,385
WCS	\$ 9,047,486	\$ 542,849	\$ 830,559	\$ 785,667	\$ 44,892	\$ 638,146	\$ 192,413
DSU	\$ 24,222,694	\$ 1,453,362	\$ 2,223,643	\$ 2,093,059	\$ 130,584	\$ 1,912,588	\$ 311,055
MASU	\$ 13,587,378	\$ 815,243	\$ 1,247,321	\$ 1,011,143	\$ 236,178	\$ 820,591	\$ 426,730
MISU	\$ 38,738,594	\$ 2,324,316	\$ 3,556,203	\$ 3,561,696	\$ (5,493)	\$ 3,282,805	\$ 273,398
VCSU	\$ 19,418,773	\$ 1,655,126	\$ 1,782,643	\$ 1,470,603	\$ 312,040	\$ 1,293,949	\$ 488,694
NDSU	\$ 134,178,942	\$ 8,050,736	\$ 12,317,627	\$ 12,657,035	\$ (339,408)	\$ 10,731,282	\$ 1,586,345
UND	\$ 192,617,021	\$ 11,557,021	\$ 17,682,243	\$ 18,014,205	\$ (331,962)	\$ 14,383,757	\$ 3,298,486
TOTALS	\$ 517,716,277	\$ 31,062,977	\$ 47,526,354	\$ 46,522,948	\$ 1,003,406	\$ 39,028,403	\$ 8,497,951

Institution	6% Annual Inflation Factor			Actual Est Costs Per Campus & Var to Across the Bd Applied Inflation Factor			
	FY2014 Inflation Adjustment (Includes continuation FY15)	FY2015 Inflation Adjustment	Total Inflation Adjustment	State Share Salaries/Benefits and Operating Inflation	Variance	State Share Salaries/Benefits	Variance
BSC	\$ 30,635,379	\$ 33,447,707	\$ 111.07	\$ 2,874,890	\$ (62,562)	\$ 2,410,629	\$ 401,699
DCB	\$ 7,345,923	\$ 8,020,279	\$ 111.07	\$ 515,119	\$ 159,237	\$ 444,869	\$ 229,487
LRSC	\$ 11,599,967	\$ 12,664,844	\$ 111.07	\$ 878,783	\$ 186,094	\$ 797,618	\$ 267,259
NDSCS	\$ 36,324,121	\$ 39,658,675	\$ 111.07	\$ 2,660,748	\$ 673,806	\$ 2,312,169	\$ 1,022,385
WCS	\$ 9,047,486	\$ 9,878,045	\$ 114.51	\$ 785,667	\$ 44,892	\$ 638,146	\$ 192,413
DSU	\$ 24,222,694	\$ 26,446,338	\$ 104.34	\$ 2,093,059	\$ 130,584	\$ 1,912,588	\$ 311,055
MASU	\$ 13,587,378	\$ 14,834,699	\$ 104.34	\$ 1,011,143	\$ 236,178	\$ 820,591	\$ 426,730
MISU	\$ 38,738,594	\$ 42,294,797	\$ 107.82	\$ 3,561,696	\$ (5,493)	\$ 3,282,805	\$ 273,398
VCSU	\$ 19,418,773	\$ 21,201,416	\$ 104.34	\$ 1,470,603	\$ 312,040	\$ 1,293,949	\$ 488,694
NDSU	\$ 134,178,942	\$ 146,496,568	\$ 72.44	\$ 12,657,035	\$ (339,408)	\$ 10,731,282	\$ 1,586,345
UND	\$ 192,617,021	\$ 210,299,264	\$ 72.44	\$ 18,014,205	\$ (331,962)	\$ 14,383,757	\$ 3,298,486
TOTALS	\$ 517,716,277	\$ 565,242,632		\$ 46,522,948	\$ 1,003,406	\$ 39,028,403	\$ 8,497,951

Institution	5% Annual Inflation Factor			Actual Est Costs Per Campus & Var to Across the Bd Applied Inflation Factor			
	FY2014 Inflation Adjustment (Includes continuation FY15)	FY2015 Inflation Adjustment	Total Inflation Adjustment	State Share Salaries/Benefits and Operating Inflation	Variance	State Share Salaries/Benefits	Variance
BSC	\$ 1,531,769	\$ 804,179	\$ 2,335,948	\$ 2,874,890	\$ (538,942)	\$ 2,410,629	\$ (74,681)
DCB	\$ 7,345,923	\$ 367,296	\$ 560,127	\$ 515,119	\$ 45,008	\$ 444,869	\$ 115,258
LRSC	\$ 11,599,967	\$ 579,998	\$ 884,497	\$ 878,783	\$ 5,714	\$ 797,618	\$ 86,879
NDSCS	\$ 36,324,121	\$ 1,816,206	\$ 953,508	\$ 2,660,748	\$ 108,966	\$ 2,312,169	\$ 457,545
WCS	\$ 9,047,486	\$ 452,374	\$ 689,871	\$ 785,667	\$ (95,796)	\$ 638,146	\$ 51,725
DSU	\$ 24,222,694	\$ 1,211,135	\$ 1,846,980	\$ 2,093,059	\$ (246,079)	\$ 1,912,588	\$ (65,608)
MASU	\$ 13,587,378	\$ 679,369	\$ 1,036,038	\$ 1,011,143	\$ 24,895	\$ 820,591	\$ 215,447
MISU	\$ 38,738,594	\$ 1,936,930	\$ 2,953,818	\$ 3,561,696	\$ (607,878)	\$ 3,282,805	\$ (328,987)
VCSU	\$ 19,418,773	\$ 970,939	\$ 1,480,681	\$ 1,470,603	\$ 10,078	\$ 1,293,949	\$ 186,732
NDSU	\$ 134,178,942	\$ 6,708,947	\$ 10,231,144	\$ 12,657,035	\$ (2,425,891)	\$ 10,731,282	\$ (500,138)
UND	\$ 192,617,021	\$ 9,630,851	\$ 14,687,048	\$ 18,014,205	\$ (3,327,157)	\$ 14,383,757	\$ 303,291
TOTALS	\$ 517,716,277	\$ 25,885,814	\$ 39,475,866	\$ 46,522,948	\$ (7,047,082)	\$ 39,028,403	\$ 447,463

Institution	5% Annual Inflation Factor			Actual Est Costs Per Campus & Var to Across the Bd Applied Inflation Factor			
	FY2014 Inflation Adjustment (Includes continuation FY15)	FY2015 Inflation Adjustment	Total Inflation Adjustment	State Share Salaries/Benefits and Operating Inflation	Variance	State Share Salaries/Benefits	Variance
BSC	\$ 30,635,379	\$ 32,971,327	\$ 109.49	\$ 2,874,890	\$ (538,942)	\$ 2,410,629	\$ (74,681)
DCB	\$ 7,345,923	\$ 7,906,050	\$ 109.49	\$ 515,119	\$ 45,008	\$ 444,869	\$ 115,258
LRSC	\$ 11,599,967	\$ 12,484,464	\$ 109.49	\$ 878,783	\$ 5,714	\$ 797,618	\$ 86,879
NDSCS	\$ 36,324,121	\$ 39,093,835	\$ 109.49	\$ 2,660,748	\$ 108,966	\$ 2,312,169	\$ 457,545
WCS	\$ 9,047,486	\$ 9,737,357	\$ 112.88	\$ 785,667	\$ (95,796)	\$ 638,146	\$ 51,725
DSU	\$ 24,222,694	\$ 26,069,675	\$ 102.86	\$ 2,093,059	\$ (246,079)	\$ 1,912,588	\$ (65,608)
MASU	\$ 13,587,378	\$ 14,623,416	\$ 102.86	\$ 1,011,143	\$ 24,895	\$ 820,591	\$ 215,447
MISU	\$ 38,738,594	\$ 41,692,412	\$ 106.28	\$ 3,561,696	\$ (607,878)	\$ 3,282,805	\$ (328,987)
VCSU	\$ 19,418,773	\$ 20,899,454	\$ 102.86	\$ 1,470,603	\$ 10,078	\$ 1,293,949	\$ 186,732
NDSU	\$ 134,178,942	\$ 144,410,086	\$ 71.41	\$ 12,657,035	\$ (2,425,891)	\$ 10,731,282	\$ (500,138)
UND	\$ 192,617,021	\$ 207,304,069	\$ 71.40	\$ 18,014,205	\$ (3,327,157)	\$ 14,383,757	\$ 303,291
TOTALS	\$ 517,716,277	\$ 557,192,144		\$ 46,522,948	\$ (7,047,082)	\$ 39,028,403	\$ 447,463

Higher Education Operating Request (With Sal incr adjusted to 4%/3% & Retirement increase of 1%/0% in 2013-15)

CAMPUSES and SMHS TOTAL COST													
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Cost to Continue FY 13 Legislatively Funded Salary Increases (+ new positions)	Cost to Continue Retirement	11-13 Retirement Correction	Maintenance and Repairs at 15% of OMB Formula	Increase in Medical School and Allied Health and Resident Students	Subtotal, Cost to Continue Salaries & Retirement (Col 1+2+3)	4%/3% Annual Salary Increases	Health Insurance Increases \$981.69	1%/0% Retirement Increase	Est Operating and 2.9% FY14 FY15	Estimated Actual Utility Increases	Estimated Utility Costs of New Bldgs Coming Online 2011-13	Subtotal Operating Increases (Col 4+5+6+7)	Targeted State Portion Per Funding Model
BSC	424,558	285,073	48,350	13,689	771,680	1,695,530	554,336	190,208	481,000	-	119,750	3,812,504	75%
DCB	73,240	46,140	6,685	208	126,273	298,300	131,052	35,514	49,517	43,871	-	684,527	75%
LRSC	132,417	100,376	22,484	-	255,278	536,921	198,677	65,121	108,220	-	-	1,164,216	75%
WSC	116,482	67,498	12,653	39,135	235,768	471,322	136,917	41,772	75,343	69,172	-	1,030,294	75%
UND	2,586,251	1,664,194	198,380	134,444	4,583,269	10,369,369	2,797,012	1,220,003	1,738,825	-	282,400	20,990,879	70%
UND SMHS	703,248	479,146	89,951	-	3,247,487	2,835,277	519,452	318,424	513,544	-	-	7,434,184	60%
Total-UND/SMHS	3,289,499	2,143,340	288,331	134,444	7,830,756	13,204,646	3,316,464	1,538,427	2,252,370	-	282,400	28,425,063	60%
NDSU	2,511,934	1,625,281	55,853	88,333	4,281,401	9,996,802	2,557,271	1,101,093	2,421,596	640,771	-	20,998,933	60%
NDSCS	395,669	289,642	59,141	21,983	766,435	1,575,619	554,376	188,731	292,992	-	142,470	3,520,623	75%
DSU	370,746	223,988	24,434	8,166	627,334	1,488,452	465,456	148,720	246,151	-	-	2,976,113	70%
M&SU	148,395	99,858	17,134	-	265,377	599,772	227,608	72,173	137,910	134,306	-	1,437,147	70%
MISU	605,623	409,001	74,498	-	1,089,122	2,402,732	812,092	353,848	232,075	166,340	-	5,056,210	70%
VCSU	232,459	162,957	29,436	3,377	428,229	929,555	357,197	124,279	163,466	-	84,074	2,086,800	70%
Subtotal	8,301,012	5,453,155	638,999	309,345	16,677,653	33,199,651	9,311,446	3,859,886	6,469,640	1,054,460	628,694	71,192,430	-

Student Share	Amount Generated by 1% Tuition Increase	Percent Increase Needed	Proposed Cap
937,614	387,688	2.42	4.00
169,409	48,387	3.50	3.00
285,433	131,153	2.18	3.00
244,626	51,353	4.76	5.00
8,263,222	2,379,016	3.47	4.50
2,147,637	422,372	5.08	5.00
8,341,899	2,544,771	3.28	4.50
859,875	228,760	3.76	4.00
883,054	222,433	3.97	4.00
426,004	112,344	3.79	4.00
1,494,514	412,943	3.62	4.50
616,196	145,813	4.23	4.00
24,669,481	7,087,033		

TARGETED STATE SHARE OF EACH OF ABOVE COMPONENTS, BASED % IN COLUMN 14													
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Cost to Continue FY 13 Legislatively Funded Salary Increases (+ new positions)	Cost to Continue Retirement	11-13 Retirement Correction	Maintenance and Repairs at 15% of OMB Formula	Increase in Medical School and Allied Health and Resident Students	Subtotal, Cost to Continue Salaries & Retirement (Col 1+2+3)	4%/3% Annual Salary Increases	Health Insurance Increases \$981.69	1%/0% Retirement Increase	Est Operating and 2.9% FY14 FY15	Estimated Actual Utility Increases	Estimated Utility Costs of New Bldgs Coming Online 2011-13	Subtotal Operating Increases (Col 4+5+6+7)	Targeted State Portion Per Funding Model
BSC	318,419	213,805	48,350	13,689	594,272	1,271,648	415,752	142,656	360,750	-	89,813	2,874,890	937,614
DCB	54,930	34,605	6,685	208	96,428	223,725	98,289	26,636	37,138	32,903	-	515,119	169,409
LRSC	99,313	75,282	22,484	-	197,079	402,691	149,008	48,841	81,165	-	-	878,783	285,433
WSC	87,361	50,623	12,653	39,135	189,773	353,492	102,688	31,329	56,508	51,879	-	785,667	244,626
UND	1,551,750	998,516	198,380	134,444	2,883,091	6,221,621	1,678,207	732,002	1,043,295	-	169,440	12,727,657	8,263,222
UND SMHS	421,949	287,487	89,951	-	2,774,529	1,701,166	311,671	191,054	308,127	-	-	5,286,548	2,147,637
Total-UND/SMHS	1,973,699	1,286,004	288,331	134,444	5,657,621	7,922,788	1,989,878	923,056	1,351,422	-	169,440	18,014,205	10,410,858
NDSU	1,507,160	975,168	55,853	88,333	2,626,515	5,998,081	1,534,363	660,656	1,452,957	384,463	-	12,657,035	8,341,899
NDSCS	296,752	217,232	59,141	21,983	595,107	1,181,714	415,782	141,548	219,744	-	106,853	2,660,748	859,875
DSU	259,522	156,792	24,434	8,166	448,914	1,041,916	325,819	104,104	172,306	-	-	2,093,059	883,054
M&SU	103,870	69,901	17,134	-	190,904	419,840	159,326	50,521	96,537	94,014	-	1,011,143	426,004
MISU	423,936	286,301	74,498	-	784,735	1,681,912	568,464	247,694	162,453	116,438	-	3,561,696	1,494,514
VCSU	162,721	114,070	29,436	3,377	309,604	650,689	250,038	86,995	114,428	-	58,852	1,470,604	616,196
Subtotal	5,287,684	3,479,783	638,999	309,345	11,690,952	21,148,496	6,009,407	2,464,036	4,105,405	679,697	424,957	46,522,949	24,669,481

Campus: North Dakota State University

Comparison of 2011-13 Appropriation and Estimated Spending

	2011-13 Adj Appropriation 1/	Actual Expenditures Through 11/30/12	Remaining Balance	Comments regarding remaining balance
Operations (All General Fund)	\$125,015,305	\$51,335,092	\$73,680,213	Balance will be drawn down for operating expenditures by 6/30/13
Capital Assets:				
Extraordinary repairs	\$3,004,926	\$1,958,723	\$1,046,203	Balance will be drawn down for special assessments and extraordinary repairs by 6/30/13
Major Capital Projects	36,100,000	7,622,745	28,477,255	See Required Reporting information included in the hearing materials for status
Total Capital Assets	<u>39,104,926</u>	<u>9,581,468</u>	<u>29,523,458</u>	
Capital Assets Funding Sources:				
General Fund	\$3,004,926	\$1,958,723	\$1,046,203	
Other Funds (Revenue bonds, local, private, federal funds)	36,100,000	7,622,745	28,477,255	
Total Funds	<u>\$39,104,926</u>	<u>\$9,581,468</u>	<u>\$29,523,458</u>	

1/ Excludes carryover, as that is reported on separately.

2011-13 Required Reporting

2011-13 One-time Capital Project Overview-Major Capital Projects					
<i>HB1003 Section 2 requirement</i>					
One-time Major Capital Projects	Authorization			Total Expenditures as of 12/31/12	Remaining Authority
	GF	OF	Total		
Sanford Health Athletic Complex Re-authorization (formerly Bison Sports Arena) Status: continuing fundraising efforts; architect contract/fees only		29,100,000	29,100,000	2,715,917	26,384,083
Indoor Track Facility Original authorization: \$5,000,000 Add'l authorization of \$500,000; approved SBHE 9-15-11/Budget Section 9-15-11 Status: Substantially complete December 2012		5,500,000	5,500,000	4,906,828	593,172
IT Infrastructure Status: Not Started		2,000,000	2,000,000	-	2,000,000
Special Assessments (one-time) Estimated special assessment remaining balance: \$1,642,611	272,683		272,683	272,683	-
Total 2011-13 Authorization	\$ 272,683	\$ 36,600,000	\$ 36,872,683	\$ 7,895,428	\$ 28,977,255

2009-11 Capital Project Carryover Status					
<i>HB1034 Section 1 requirement</i>					
Capital Projects Carryover	Carryover Authorization Per OMB			Total Expenditures as of 12/31/12	Remaining Authority
	GF	OF	Total		
Extraordinary Repairs	16,456		16,456	16,456	-
Deferred Maintenance (one-time)	961,635		961,635	956,659	4,977
Minard Hall Project Status: See complete status update in 'Minard Hall Status' section of materials	6,461,665	424,666	6,886,331	6,667,317	219,014
Telecomm-Avaya Voice messaging Project Status: estimated completion by 6-30-2013	206,466		206,466	184,445	22,021
Niskanen Apartment Complex Project Status: Completed August 2012		6,217,792	6,217,792	912,690	5,305,102
West Dining/Auxiliary Services Renovation Project Status: Completed September 2012		2,064,365	2,064,365	522,460	1,541,906
Research 1 Addition Project Status: Construction in Progress, on schedule, estimated completion June 2013		29,002,640	29,002,640	3,273,841	25,728,799
Geoscience Renovation Project Status: Completed November 2012		558,293	558,293	392,555	165,739
Total 2011-13 Authorization	\$ 7,646,222	\$ 38,267,757	\$ 45,913,979	\$ 12,926,422	\$ 32,987,557

One-time Deferred Maintenance Status Update

		Expenditures	Remaining Balance to be spent by
2011-13 Deferred Maintenance one-time funding:	DM Carryover	as of 12/31/12	6/30/2013
Building Exterior	897,229.69	897,229.69	-
Mechanical/Electrical upgrades	-	-	-
Interior Finishes	35,998.69	35,998.69	-
Structural Repairs	-		-
Paving & Area Lighting	22,723.08	17,746.31	4,976.77
Utilities/Infrastructure	234.74	234.74	-
Misc. Small Projects	5,449.23	5,449.23	-
2011-13 Deferred Maintenance one-time funding carryover	961,635.43	956,658.66	4,976.77

Projects completed as of 12/31/2012

- Heating Plant Control System upgrades
- Water/Sewer Line Repairs & Replacements
- HVAC/Electrical Upgrades-Alba Bales, Loftsgard, Old Main
- Chiller Repairs-Variou Bldgs
- Roof Repairs/Replacements-Library, Van Es, Putnam, IACC, South Engineering, Sudro & Misc Roof Repairs
- Campus Walkway Lighting upgrades
- Remodel/Renovation Projects-Ceres (CAS), Morrill 2nd & 3rd floors, Old Main 101-102, Van Es, Ceres 404,Putnam
- Sidewalk repair/replacements
- Heating Plant Emergency Generator Installation
- Singlemode Fiber Optic upgrades
- BBF Bleacher Replacement & Step Replacement
- Window Replacements-Old Main
- Tuckpointing-Old Main, BBF
- Equine Science Center-Code Compliance upgrades
- Music Bldg-entrance repairs
- Engineering Quonset Demo
- Music Bldg Bathroom renovations
- Heating Plant Car Hoe Replacement
- HVAC upgrades-various bldgs
- Elevator Repair - Morrill Hall
- Water Heater Replacement - BSA
- EML - Replace stairwell doors & hardware

Projects to be completed by 6/30/2013

- Sidewalk Repair

A photograph of a large, multi-story brick building with a prominent arched entrance. The entrance is labeled "MINARD HALL". In the foreground, a student with a backpack is looking at a bicycle in a bike rack. Other students are walking on the sidewalk in front of the building. The sky is clear and blue.

NDSU MINARD HALL UPDATE

PROJECT STATUS UPDATE – MINARD HALL

MINARD HALL COLLAPSE COST RECOVERY/ LITIGATION STATUS AS OF 12-31-12

- 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	Total	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

North Addition

Rebuilt collapsed area

1929 section



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 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:

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

- To proceed with completion of Minard Hall at an estimated cost of \$22,874,300 to be funded with \$17.5 million in state general fund appropriation, \$500,000 gift funds, and \$4,874,300 future 2011-13 deficiency appropriation.
- 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.

- 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.
- 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 authorization				
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.



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