

North Dakota University System
Semi-annual Budget Reporting to the SBHE Budget and Finance Committee
For FY16 – Period Ending December 31, 2015

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

1. Report a variance of (+/-) \$100,000 or 2 percent or more, whichever is greater, is expected from original ANNUAL budget net tuition revenue estimates. Provide description of variance below – Report \$ and % amount of variance and # of students – Will variance continue Y/N? If yes, will variance continue into next fiscal year?

BSC +\$300,000/+4.5% Positive variance in tuition revenue over budget for several reasons: (1) conservative FY16 budget which was about the same as FY15 collections, despite tuition rate increase of 1.9%; (2) increased in mix of online students which has a higher tuition rate; and (3) better collection efforts. Unsure if this will continue, as Spring 2016 enrollment numbers indicate a larger decline from Fall to Spring than what had budgeted.

DSU -\$406,705/-6.5% or approximately 81 FTE students. Actual tuition collections are estimated to be \$406,705 or 6.5% less than the amount included in the FY16 annual budget, and budgeted spending will be reduced to address the shortfall. Not expected to continue in FY17, as DSU will prepare the FY17 budgets based on 2015-16 collections.

LRSC -\$472,105/-10.2% Enrollment was expected to be about the same as it was in FY15 when the FY16 annual budget was prepared. Compared to Fall 2014, the numbers in Fall 2015 showed a decrease of 75 part-time enrollments and an increase of 5 full-time enrollments for an overall variance in FTE of +2. Part-time enrollment for Spring 2016 shows an increase of 20 from Fall 2015 but is still 107 students less than Spring 2015. Full-time enrollments for Spring 2016 are showing a decrease of 30 compared to Spring 2015 and a decrease of 95 from Fall 2015. The variance will continue in FY17 unless enrollments increase. Revenues and expenditures are currently being scrutinized and if additional revenue or enough savings are unable to be found, reserves will need to be utilized.

MaSU -\$197,307/-4.1%/34 students. When MaSU prepared the FY16 annual budget, they projected an enrollment increase of 34 students, which did not materialize. They do not expect the variance to continue.

MiSU -\$780,000/-5%/171 students. FY16 spending has been adjusted to address the shortfall. MiSU does not expect the variance to continue, as the university will prepare FY17 annual budgets based on the lower enrollments.

NDSCS -\$385,639/-4.45% approximately 95 FTE students. The actual net tuition revenue to date is \$385,639 less than estimated in the FY16 annual budget. While NDSCS is up in enrollments and credits, they are behind in budget projections that were based on an estimate increase of 200 FTE students. NDSCS expects the current

variance to hold or be improved by 6/30/2016. With their continued focus and success in retention efforts, they do not expect this negative variance to continue. However, the unknown factor is the balance of Spring semester and the upcoming Summer semester revenue. FY16 spending has been adjusted to address the shortfall.

VCSU +\$236,609/+3.2%/+40 FTE variance due to record enrollment at 1,422 students and 1,050 FTE. Unless enrollment numbers decline, the variance will continue into FY17.

WSC +\$200,000/+9.5%/+60 FTE Increases in enrollment were higher than expected with the introduction of the Williams County Graduate scholarship, first offered during Fall 2015. 344 students enrolled in Fall as a result of the scholarship. Enrollment for FY2017 is projected to increase as an additional 10%. The WSCF recently expanded scholarship opportunities to surrounding county graduates. Enrollment data requires further research and evaluation for projecting FY2017. Changing economic conditions continue to impact education decision making.

2. Report a variance of (+/-) 4 percent or more is expected from original annual budget revenue estimates for total auxiliaries. Provide description of variance below. Report \$ and % amount of variance. Report variance of 5% (+/-) in resident hall occupancy rates (spring and fall) over the previous year that is expected and/or realized.

MiSU -\$184,000/-4%; The decrease in student headcount is directly related to housing occupancy rates. While the demand for campus apartments remains strong, the residence hall occupancy rate is less than 80%. Total occupancy rates decreased by 5% from Fall 2014 to Fall 2015.

NDSU +\$2,999,539/+6.4%; Variance is due to conservative revenue estimates, continued high residence hall occupancy and increased Bookstore revenue primarily related to playoff and national championship game sales.

VCSU +\$240,650/+7.9%; Strong enrollment led to an increase in housing occupancy rates and an increase in dining plans

WSC +\$60,000/+2.6%; An overall net increase of actual revenues vs budget of \$60,000 is projected. The increase is made up of book sales \$205,000 over the prior year and a \$135,000 decrease in dining/housing from forecast as a result of declining market prices/low occupancy. Book sales were boosted by the Williams County Graduate scholarship. Students who received the scholarship for books in FY2016 will continue to receive the book scholarship in FY2017, however scholarships for books will not be offered for new graduates.

3. INDIVIDUAL deficit fund balance of \$50,000 or more (all campuses, except UND and NDSU) and \$100,000 or more at UND/NDSU that will be reportable at fiscal year end. Provide description of deficit, explain the reason it happened and the expected timeframe for elimination of the deficit. Report \$ of deficit. Is there an approved deficit plan in place? If yes, is deficit tracking according to plan.

DSU Fund 22630 is used to pay for salaries and operating expenses at the Strom Center, and has a deficit fund balance of \$50,169. DSU did not receive funds that were previously received from an endowment account with the DSU Foundation (approximately \$22,500). Additionally, there were Center for Excellence funds deposited with the Foundation that they were to transfer to DSU but DSU does not know the status or amount of the transfer. **A plan to address the deficit has not been developed due the time needed to plan and address this with the new administration at DSU.**

MaSU Fund 10000 Food Services –On 10/17/2014, BFC approved plan for deficit to be eliminated in no more than three years, by not later than 6/30/17. MaSU reduced the operating loss from approximately \$154,000 in FY2014, and to \$21,000 in FY2015. MaSU’s goal is to realize a profit of \$25,000-\$30,000 in FY2016, by reducing temporary salaries, overtime and cost of goods, and will begin to reduce the negative fund balance. **MaSU is requesting consideration of an extension to eliminate the deficit until June 30, 2020. Over the five years (FY16-FY20) the debt will be eliminated at approximately \$35,000 per year.**

June 30, 2014	Dec. 31, 2014	June 30, 2015	Dec. 31, 2015
(\$148,462)	(\$154,810)	(\$169,910)	(\$155,000)

MiSU MiSU has a deficit net asset balance in Fund 10232-University Heights of \$578,450. In February 2012, and again in January 2013, the SBHE approved MiSU to finance purchase through a low interest loan to be repaid with auxiliary revenues, with amortization over 10-15 years. This purchase is related to the 2011 Flood. As rent revenue is recorded in the housing fund, the excess will be transferred to the unrestricted fund that was used for the purchase. The housing fund is checked for an excess cash balance on a quarterly basis. Repayment may take up to 15 years. The repayment schedule is contingent upon how much revenue is collected each year.

June 30, 2012	Dec. 31, 2012	June 30, 2013	Dec. 31, 2013	June 30, 2014	Dec. 31, 2014	June 30, 2015	Dec. 31, 2015
(\$595,709)	(\$573,070)	(\$681,348)	(\$660,313)	(\$644,828)	(\$619,776)	(\$595,862)	(\$578,450)

MiSU

Herb Parker Stadium Scoreboard Advertising-Stadium; Fund 22243 has a deficit net asset balance of \$466,794; 6 local companies have signed 7-year advertising contracts for \$17,500 per year. These funds will be deposited in this fund to cover the purchase cost and installation of the scoreboard. The annual advertising revenue will continually reduce the fund net asset deficit each year until FY '20 when it will again reach a positive balance. The SBHE at their May 9, 2013 meeting authorized MiSU to proceed with an inter-fund borrowing for this project to be repaid by FY2020.

Dec 31, 2013	June 30, 2014	Dec 31, 2014	June 30, 2015	Dec 31, 2015
(\$593,060)	(\$650,608)	(\$563,108)	(\$552,608)	(\$466,794)

MiSU

Herb Parker Stadium Scoreboard Advertising-Dome; Fund 22245 has a deficit net asset balance of \$467,905; 8 local companies have signed 6-year advertising contracts which range from \$8,000 to \$12,000 per year. These funds will be deposited in this fund to cover the purchase cost and installation of the scoreboard. The annual advertising revenue will continually reduce the fund net asset deficit each year. The SBHE at their January 29, 2015 meeting authorized MiSU to proceed with an inter-fund borrowing for this project to be repaid by FY2020. While some contracts have been modified, MiSU is still on track to eliminate the deficit by the end of FY2020.

June 30, 2015	Dec 31, 2015
(\$425,323)	(\$467,905)

MiSU

Geothermal Remediation; Fund 24513 was set up to capture expenses associated with the investigation and eventual repair of the geothermal heating & cooling system. The deficit fund balance is \$294,419. These expenses will be billed to the contractor responsible for repairs to the system. The system has been leaking glycol since coming on-line. The majority of these expenses are associated with the process of detecting the source of system leaks.

June 30, 2015	Dec 31, 2015
(\$109,498)	(\$294,419)

NDSU

Minard Hall Collapse related costs include related change orders, department relocation, forensic and legal costs. All three litigations relating to the Minard Hall project were settled by NDSU pursuant to authority granted by the SBHE on May 14, 2015. As a result of the settlements, NDSU paid one contractor the sum of \$220,000 and NDSU received \$3,020,000 from various other entities. All settlement payments have been made, and the litigations have been dismissed. The settlement proceeds to NDSU are less than its total expenditures on the project and

on December 10, 2015 the SBHE approved NDSU's request to seek a deficiency appropriation during the 2017 (65th) Legislative Assembly for the unreimbursed costs of \$1,634,853.52 due to the Minard Hall collapse. NDSU provided a status update on the project to the Legislative Budget Section on December 16, 2015 as required per HB1003-Section 27.

June 30, 2015	Dec 31, 2015		
(\$1,625,343)	(\$1,634,854)		
June 30, 2013	Dec. 31, 2013	June 30, 2014	Dec. 31, 2014
(\$3,982,121.89)	(\$4,089,624)	(\$4,236,955)	(\$4,384,220.91)

UND and UND Medical School

EERC Sick leave & Other – 22064/22066 – (\$111,239)

This amount is recouped through the vacation and sick leave rate that is approved by the Department of Health and Human Services. Plan includes deficit elimination by FY2017.

June 30, 2014	Dec. 31, 2014	June 30, 2015	Dec 31, 2015
(\$808,389)	(\$636,194)	(\$369,475)	(\$111,329)

EERC Legal Costs - 22364 – (\$915,150): The remainder of the legal deficit will be retired through the comprehensive plan outlined for the EERC over a period not to exceed 10 years from 2013.

June 30, 2013	June 30, 2014	Dec. 31, 2014	June 30, 2015	Dec 31, 2015
(\$945,875)	(\$945,615)	(\$933,560)	(\$915,150)	(\$915,150)
June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012
(\$1,937,385)	(\$1,753,238)	(\$1,551,701)	(\$1,356,000)	(\$1,153,847)

EERC Fiscal Year End Carryover – 21546- (\$2,158,503):

The FY15 EERC financial deficit reduction plan was approved by the SBHE Finance Committee in October, 2014 to retire the debt over a period not to exceed 10 years or by not later than 6/30/25. Key elements of the plan and progress through June, 2015 are described below.

Increasing annual research expenditure growth rate by a.) increasing awards, and 2) hiring additional research employees. Efforts this year are specifically focused on increasing funding from the US Dept. of Energy and the state of North Dakota and growing its private sector funding base through strategic

relationships. The EERC has set a goal of increasing its research expenditures by over 20% over the next three years.

The EERC set a goal of \$32 million new awards for FY16, a 14% increase from the \$28 million goal set (and exceeded by \$400,000) in FY15. Through December, EERC awards total \$15.9 million. Based on outstanding proposals expected to be awarded this fiscal year, the EERC is confident that it will reach the \$32 million goal.

Total expenses for research (modified total direct expenditures or MTDC) through December were \$8.1 million, slightly higher than planned. This is largely due to the employment of six new research personnel since 7/1/15. At the same time, F&A expenditures are tracking slightly lower than planned. Thus, the EERC does not expect to have a deficit for FY16.

Reducing F&A Expenditures through Efficiency Gains by reducing the current FY15 baseline budget by \$100,000 and reallocating an additional \$100,000 of F&A expenditures toward program development. Additional methods of reducing expenses and reallocating F&A expenditures toward program development will be evaluated as opportunities present themselves.

The additional program development funding has been integral in pursuing research opportunities and in increasing research awards as demonstrated by last year's increase in awards and the projected awards this year.

Increasing the Research Portfolio and Decreasing Costs across UND by utilizing the expertise and reputation of the EERC to grow the greater University research portfolio as well as enhance efficiency and decrease overall costs. The EERC has been very successful in pursuing innovative sources of funding, especially with private industry. The EERC could facilitate proposal development, contracting, contract management, and project management and create a culture that fosters research. This, in turn, would elevate research across the University as UND strives to become a very high activity Carnegie-recognized research institution. Although it is difficult to estimate the overall savings to UND as a whole, it is envisioned that \$500,000 of savings could be realized in both FY16 and FY17 by increasing coordination between the core EERC administrative functions and those of the Office of Research and Economic Development. A work group will be identified to focus on this opportunity.

The EERC continues to work closely with the Provost in all of the areas mentioned above. A new area initiated by the EERC is to directly assist the University Grants and Contracts (G&C) office. EERC contracts officers are learning how to input data in the grants and contracts software module, with the goal of relieving UND G&C officers of this duty entirely by the end of this calendar year. This will result in cost savings for the G&C office and will provide more efficiency for the University overall

Increasing Interdepartmental Research Collaboration by establishing fund to support program development expenses in developing interdepartmental research proposals.

A meeting of executive leaders from the EERC and UND’s Arts & Sciences, Business and Public Administration, and School of Law colleges was held to discuss potential collaborative opportunities. As a result, a meet and greet event was scheduled for January 2016 between professors and researchers at the EERC in these disciplines to spur innovative collaboration. In addition, energy-related law school externships were proposed by the EERC for third-year UND School of Law students. With respect to collaborative research projects, the EERC met with researchers from Computer Science and Electrical Engineering to discuss possible collaboration in database management, Web development, and cybersecurity research. Finally, a joint proposal between the EERC and UND’s Chemistry and Chemical Engineering departments and the UND Institute of Energy Studies was awarded \$937,000 from the U.S. Department of Energy for research on developing high-performance, economically viable, and environmentally benign technologies to recover rare earth elements (REEs) from domestic coal and coal by-products.

Increased Research Investment in the development of research programs at the EERC, and throughout the University, is critical to seeing long-term growth of research programs. Such dedicated funding does not currently exist nor have specific sources/reallocations been identified to support this investment at this time. This will require focused efforts during FY15 to address. Continued investment in the enhanced program development activities at the EERC, as well as an overall investment to aid with the current financial stress, will lead to growth in future programs. In FY14, the EERC brought in approximately \$24.5 million in research awards. Additional investment in the EERC will help significantly in the goal of reaching research awards of \$28 million in FY15, \$31 million in FY16, and \$34 million in FY17.

With the increase in research staff, continued focus on program and business development, institutional investment from the University, and the organizational changes made at the beginning of FY16, the EERC is not anticipating a deficit for FY16.

June 30, 2015	Dec 31, 2015			
(\$2,158,503)	(\$2,158,503)			
June 30, 2012	June 30, 2013	Dec. 31, 2013	June 30, 2014	Dec. 31, 2014
(\$0)	(\$1,145,893)	(\$1,645,893)	(\$1,738,248)	(\$1,738,248)

WSC

FY2016 book sales are strong and ahead of projections; therefore, the proposed elimination is still on track by June 30, 2018. The impact of open source textbooks is being evaluated. FY2017 bookstore operations shall be monitored closely. Reductions to workforce (currently 2.6 FTE) are expected if sales cannot meet targets. Other funding sources may have to be identified to eliminate this deficit.

June 30, 2014	Dec. 31, 2014	June 30, 2015	Dec 31, 2015
(\$93,763)	(\$80,000)	(\$54,995)	(\$35,000)

WSC The deficit as of 6/30/15 is from FY15 operations. There were some unusual expenses in FY15, such as hockey championship expenses and the cost of recruiting and hiring three new head coaches and an athletic director. The new Athletic Director has brought stability to the athletic organization. Budgets for individual sports have been reduced and monitored closely. The expectation is that athletics will operate at break-even and reduce the deficit with additional fundraising over the next few years. The proposed elimination of this debt is on track for June 30, 2019.

June 30, 2014	Dec. 31, 2014	June 30, 2015	Dec 31, 2015
(\$299,806)	(\$300,000)	(\$237,338)	(\$200,000)

WSC The WSC Dining Service unit had a reportable deficit of \$61,000 for FY15. Renovation of the kitchen temporarily relocated the grill for part of 2014 and 2015, resulting in both a decrease of food sales and higher food costs for lower prep meals. The Grill has eliminated two benefitted positions and replaced with part-time employees for FY16. The Grill is performing better than expected in spite of declining contract sales. The elimination of this debt was proposed by June 30, 2019 but is expected to be eliminated by June 30, 2018.

June 30, 2015	Dec 31, 2015
(\$64,816)	(\$25,000)

WSC Dorm Building Local Capital Project: An oil lease received in April was applied against the deficit of \$274,600. Another oil lease of \$100,000 was received in August, 2015. Any future oil income from leasing or production shall be applied against the remaining \$68,000 deficit. Other fund sources shall also be identified. The proposed elimination of this debt was June 30, 2019, but is expected to be eliminated by June 30, 2017.

June 30, 2015	Dec 31, 2015
(\$168,060)	(\$67,860)

WSC TrainND: The projected FYE deficit is \$350-\$425,000. Cost reductions have already been implemented and more are planned. **An elimination plan shall be developed by FYE and will not exceed more than 2 years.**

4. **CUMULATIVE net asset deficit balances, that will be reportable at fiscal year end, of \$25,000 or more (all campuses, except UND and NDSU) and \$50,000 or more at UND/NDSU, including disclosure of the number of funds that make up the cumulative deficit. Exclude deficit balances reported in question #4 above (Ex. BSC has funds with deficit balances >\$25,000 and <\$50,000 that cumulate to \$150,000). Provide description of deficit, a list of affected fund numbers and names of funds, and explain the reason it happened.**

DSU **Fund 22653, Strom Center Income** has a deficit net asset balance of \$43,340. Attempts to raise funds has dwindled with issues with DSU Foundation. Additionally, enrollments in offered workshops has become almost non-existent. **A plan to address the deficit has not been developed due the time needed to plan and address this with the new administration at DSU.**

MiSU **Fund 24044, Copy Paper Clearing** has a deficit net asset balance of \$31,258. The balance in the fund is due to timing issues. The fund is used for the campus-wide purchase of copy paper. Bulk paper purchases are much less expensive (per ream) than individual purchases, so the campus encourages all departments to participate in bulk orders. However, the initial purchase cost must be fronted by the university, and then recovered by departments as they buy paper from the university. This clearing fund routinely swings between surplus and deficit, and purchases and sales occur during the year.

June 30, 2014	Dec. 31, 2014	June 30, 2015	Dec 31, 2015
(\$40,722)	(\$46,288)	(\$40,071)	(\$31,258)

MiSU MiSU expects to report \$30,000 as a deficit in **Fund 17000, Athletics**. A \$60,000 deficit resulted in FY '14 not because of an excess of expenses over budget but instead a shortfall of budgeted to actual revenue (e.g., declining student enrollment resulting in a decline in student fee revenue). Future athletic budgets will accommodate gradual reductions of this deficit through budgeted surpluses (not to exceed 5 years). Rather than take care of these deficits with institutional funds, MiSU will require athletics to use future revenues from Press Box suite rentals and increased commissions from concession & catering associated with the new Press Box which came on-line April 2015.

Dec. 31, 2014	June 30, 2015	Dec 31, 2015
Approx (\$48,000)	(\$36,117)	(\$30,000)

NDSCS NDSCS has a deficit fund balance in its Outreach activity of \$61,971 as of December 31, 2015. The department has identified and implemented a reorganizing plan of the Outreach structure which will reduce costs and increase revenue. The identified plan is improving the deficit situation and expects the deficit to be eliminated within 6-12 months.

Dec. 31, 2013	June 30, 2014	Dec. 31, 2014	June 30, 2015	Dec 31,2015
(\$142,622)	(\$101,314)	(\$113,501)	(\$65,548)	(\$61,971)

UND UND has a deficit fund balance in **Fund 22390, Graphics Recharge Center**, of \$94,944. The deficit will be recovered through annual rate development to allow for a 3 year recovery.

5. Campus does not anticipate meeting annual bond reserve requirements.

N/A for all campuses.

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

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

- DSU**
- a) *Brief summary statement of the nature of the claim:* Bonnie Dick v. Dickinson State University. The case was filed in ND Federal District Court in April 2013. Plaintiff alleged violations of ADA and ND Human Rights Act and constructive discharge from DSU, seeking at least \$250,000 in damages.
 - b) *Summary statement concerning likelihood and estimate of loss –* The liability of DSU is believed to be low, based upon the summary judgment of the district court judge.
 - c) *Current status –* Ms. Dick has appealed the summary judgment to the 8th Circuit Court of Appeals. Both Ms. Dick and DSU have filed briefs on the case. Oral argument is scheduled for March 16.

- UND**
- a) *Brief summary statement of the nature of the claim:* In the matter of the Inquiry of Richard C. Buen, action started March 20, 2014, Inquiring Party, v. Maui Memorial Medical Center, et al. has become Buen v. Hawaii Health Systems Corp, et al. Among Health Care Providers is defendant Irminne VanDyken, M.D., who was a medical surgical resident from the University of North Dakota.

- b) Summary statement concerning likelihood and estimate of loss - There is no allegation that our surgical resident provided substandard care. There does not seem to be any potential liability for the resident or the University.
 - c) Current status - Discovery continues; settlement conference tentatively scheduled for Jan., 2016; Pltf. expert identification pending; trial previously scheduled for June, 2016.
- a) Brief summary statement of the nature of the claim: Gerald H. Groenewold, PhD v. Robert Kelley, PhD and North Dakota State Board of Higher Education. Former employee sued President Kelley and the SBHE for wrongful termination in violation of Plaintiff's federal civil rights (e.g., First Amendment and due process). Plaintiff seeks equitable and monetary relief, in addition to costs and attorney fees.
 - b) Summary statement concerning likelihood and estimate of loss – While the case is only in the beginning stages and no discovery has yet been conducted, we believe the chances of success are strong and are optimistic that the University's Motion to Dismiss will be granted.
 - c) Current status - Defendants' Motion to Dismiss is pending.
- a) Brief summary statement of the nature of the claim: Gareth Bradford v. University of North Dakota et al. Former law student sued the University and several employees (faculty/administrators) for state/federal civil rights violations, breach of contract, defamation, tortious interference, and infliction of emotional distress arising out of dismissal from UND School of Law. Plaintiff sought equitable and monetary relief, in addition to costs and attorney fees.
 - b) Summary statement concerning likelihood and estimate of loss - The likelihood of recovery here is low, as most of the claims lack substantive legal and factual support.
 - c) Current status – The Court *sua sponte* dismissed several of Plaintiff's claims. Per media reports, Plaintiff intends to dismiss remaining claims without prejudice, retain legal counsel, and re-file.
- a) Brief summary statement of the nature of the claim: Tracy Geest, on behalf of the heirs-at-law of Ann Geest v. Sanford Medical Center Fargo, Sanford Clinic North, Zachary Ernst, MD and Cory Kroetsch, MD. Dr. Kroetsch is a physician/employee at UND and Dr. Ernst is a medical surgical resident from UND. The Summons and Complaint were served on Dr. Kroetsch on December 20 and on Dr. Ernst on December 28, alleging that both Dr. Ernst and Dr. Kroetsch provided substandard care.
 - b) Summary statement concerning likelihood and estimate of loss - Although discovery has not stated, the likelihood of loss arising from the doctors' involvement in the case is low.
 - c) Current status – Separate answers for both doctors have been filed in district court, and the attorney is preparing to file motions to dismiss both Drs. Ernst and Kroetsch from the suit.

7. For legislatively appropriated and/or Board approved capital projects report: 1) if actual expenditures are anticipated to exceed, or do in fact exceed, the dollar spending authorized; 2) if funding sources vary from those originally approved; 3) if project represents a significant change in scope (e.g. size, configuration, use).

LRSC Due to the state's budget allotment for 2015-17, the window replacement portion of the Electrical Distribution/Window Replacement project has been cut by \$248,423.

WSC Williston State College is seeking authorization to increase spending authorization for the new TrainND Workforce Training Center (Phase III) from \$7,500,000 to \$7,650,000. Further, WSC is requesting a change in funding sources to complete the parking lot at this site. The request is to change the funding source of \$800,000 from TrainND local funds to a portion of the one-time emergency funding of \$1.5 million approved pursuant to section 54-44.1-11 for deferred maintenance and or extraordinary campus needs. There is no change to the scope of the project.

8. Campus anticipates the need for deficiency appropriation.

NDSU **Status update Minard Hall** - All three litigations relating to the Minard Hall project were settled by NDSU pursuant to authority granted by the SBHE on May 14, 2015. As a result of the settlements, NDSU paid one contractor the sum of \$220,000 and NDSU received \$3,020,000 from various other entities. All settlement payments have been made, and the litigations have been dismissed. The settlement proceeds to NDSU are less than its total expenditures on the project and on December 10, 2015 the SBHE approved NDSU's request to seek a deficiency appropriation during the 2017 (65th) Legislative Assembly for the unreimbursed costs of \$1,634,853.52 due to the Minard Hall collapse.

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

All campuses The 4.05% reduction in state appropriations for the biennium;
Potential financial impact, at all campuses, of new tuition model implementation

DSU By court order, the DSU Foundation has been placed in receivership and currently dissolving. It is unknown at this time what the impact may be to DSU in terms of scholarships and other support. Startup costs associated with the development of the new foundation have impacted DSU's expenses.

UND In addition to the 4.05% allotment, UND is addressing an FY16 budget shortfall of \$5.3 million, plus \$8 million for the following: ongoing commitments made in prior years that do not yet have base funding (previously carried year-to-year using one-time funding) and various one-time expenditures that were not included in the FY16 annual budget. Examples include costs for the president search and transition, internal audit, marketing, extraordinary repairs required match,

scholarships, athletics and EERC. The \$13.3 million is being addressed through salary savings, operation reductions, use of cash balances and additional revenue.

Off campus private apartment developers have a continued impact on occupancy in the Residence Halls, Apartments and University Place. UND Housing implemented a first-year live-on requirement from fall 2015 to attempt to address this issue.

WSC

The TrainND workforce training site meets the need of regional oil companies for essential safety, crane, and oil rig training. Fiscal year 2015 gross sales nearly broke the \$4 mil mark. Demand for more space and improved facilities was realized with the completion of the \$7.5 workforce training center in 2015. With the recent decline in oil prices and subsequent spending reductions by oil companies, TrainND revenues will not meet FY2016 forecasts. TrainND is evaluating several cost savings strategies. 3 FTE positions have been eliminated and current employees have agreed to short term furloughs.

On May 14, 2015 the SBHE approved an increase in fees at WSC for the 2015-16 academic year. The approved increase in the mandatory fee was \$23.60 per credit hour. Of this increase, \$4.25 was offset by a decrease in the distance access fee. The net annual increase in fee collections was estimated at \$342,000. On September 30, 2015 the SBHE directed that WSC reduce projected increased fee revenue by 50% beginning Spring, 2016. WSC decreased mandatory fees by \$9.68/credit hour effective Spring, 2016 which will decrease fees collections approximately \$91,960.

A \$135,000 decrease in dining/housing from forecast is expected as a result of declining market prices and low occupancy. WSC is planning to implement a freshman requirement starting FY2017 for living on campus one full academic year, with exceptions for age and proximity to campus. Additionally, room reservations shall be managed with earlier release dates and over 100% occupancy to mitigate the current low occupancy issues. The WSC Foundation has pledged annual support of \$80,000 for housing scholarships.

g:\cathy\worddocs\semi-annual budget report\Semi0Annual budget report 06-30-2015