

**North Dakota University System**  
**Mid- Year Budget Status Report to the SBHE Budget and Finance Committee**  
**For FY23 – Period Ending December 31, 2022**  
**Policy 302.3**

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

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

**UND**           +\$7,578,771/+7% Undergraduate tuition revenue is exceeding budget expectations while graduate tuition revenue is slightly down from budget expectations across the institution.

**WSC**           -\$100,681/-6.47% Tuition revenue decrease due to lower enrollment. WSC hired two new recruiters in early 2022 to try and increase enrollment. There has been turnover in the recruiter role impacting the full effectiveness. Freshmen enrollment did increase by approximately 3% as a result of the recruitment efforts. However, total student credit hours decreased by 3% overall. The budget accounted for a 3% increase overall in student credit hours.

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

**BSC**           +\$78,959/+16% Auxiliary revenue variance due to increased enrollments resulting in increased room and board revenues.  
+8.0% Occupancy increases due to increasing enrollment.

**DSU**           +\$64,700/+14% Board contracts revenues increased due to increased enrollment.  
+10% Occupancy increases due to increasing enrollment.

**NDSCS**       +\$509,417/+6.60% Greater occupancy than expected, increasing room and board revenues.

**UND**           +13% Slight increase in students from 2045 in Fall 2022 to 2110 in Fall 2023. Significant cause of increase due to reduction of designed capacity. Demolition of Bek Hall, Hancock Hall, McVey and West Halls. New McVey Opened in Fall 2022 and all students moved from Walsh Hall to McVey. Walsh Hall will not be used in Spring 2023. West Hall is not used in 2022-2023 and will reopen in 2023-2024.

<b>DCB</b>	-7% Occupancy has decreased due to lower enrollment. DCB is addressing decreasing enrollment and housing occupancy by implementing new programs, advertising strategies, and a push in recruiting.
<b>VCSU</b>	+\$393,161/+15.29% Greater occupancy than expected, increasing room and board revenues. McCoy Hall became available for utilization after being designated as an isolation floor for COVID cases. The increase in room utilization subsequently increased the board contracts.
<b>WSC</b>	+12% Occupancy increases due to Nelson Hall being used in FY22 as a COVID Isolation Building. In fall 2022 Nelson Hall has been converted fully back into student housing. Headcount on campus has increased with freshman and international students utilizing on campus housing.
<b>MaSU</b>	<p>-\$146,369/-21% Dining services declined by 11% and book sales decreased by 33%. Dining services is undergoing a restructure of meal plan, service hours and cost savings. Bookstore is observing a decline in text vs. OER and other student-facing cost savings, market shifts.</p> <p>-30.0% Occupancy decrease due to double rooms leased at higher rate as a single room, four person suites leased as single apartments, and declined freshman enrollment.</p>

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

<b>LRSC</b>	<b>Third Party Billing:</b> -\$358,797; Third party billings include collaborations with other institutions. Due to the timing of collecting the accounts receivable from those with outstanding accounts receivable balances.
<b>UND</b>	<b>Debt Repayment &amp; Legal Costs (EERC):</b> -\$659,590; The EERC has a budget plan in place that includes a six-year deficit reduction payment plan that started in FY19. The six-year deficit reduction plan includes paying down both the legal costs and the debt.
<b>WSC</b>	<b>Athletics – Hockey:</b> -\$151,827; A fundraising campaign has been initiated for the Hockey Program as well as the entire Athletic Department. This fundraising campaign is being coordinated by both the Athletic Department and the President's Office.
<b>MaSU</b>	<b>Dining Services:</b> -\$101,371 Dining services has reduced costs to offset the impact over the next year, including leaving benefited positions vacant and filling with non-benefited part-time positions.

**4. Annual bond reserve requirements.**

All campuses will meet bond reserve requirements.

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

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

UND

- a) Brief summary statement of the nature of the claim:  
*Axelsson, Fiona v. University of North Dakota School of Medicine and Health Sciences et al*  
North Dakota District Court case No: 3:22-cv-00056-PDW-ARS. Complaint served and filed by Fiona Axelsson on 4/4/22 regarding alleged complaint(s) of sexual discrimination and disability. While Dr. Fiona Axelsson was a medical resident under contract with UND residency program, claims she was harassed by program director resulting in mental health issues in which plaintiff states she was retaliated against based on disability. Plaintiff is seeking jury trial in an effort to remedy damages allegedly caused by defendants. Motion to dismiss served and filed on May 26, 2022.
- b) Summary statement concerning likelihood and estimate of loss: The likelihood of loss is remote. Estimated loss is approximately \$5,000.
- c) Current Status: 1-23-23 UND Discovery Answers due

UND

- a) Brief summary statement of the nature of the claim:  
*Englund, James v Altru et. al.*  
Wrongful death of James O. Englund claim. Notice of claim received via certified mail and email on August 16, 2022. Plaintiff claims that a surgical procedure performed on James O. Englund February 8, 2022 at Altru Health in Grand Forks, ND was below the acceptable standard of care, therefore a proximate cause in the wrongful death of James O. Englund. Parties named are Dr. Michael W. Johnson with North Dakota Surgical Residents Dr. Reid Bartholomew and Dr. Johnathan Sticca assisting with the procedure. Further investigation is required however to determine compensation and relief requests. The current compensation demanded by the estate of James Englund will be in excess of five hundred thousand dollars (\$500,000). Attorney for Plaintiff is Timothy O'Keefe of O'Keefe, O'Brien, Lyson LTD, 720 Main Avenue., Fargo, ND 58103.
- b) Summary statement concerning likelihood and estimate of loss: Unknown due to no filings currently. Excess of \$500,000 stated in original claim.
- c) Current Status: No filings on State Inquiry or PACER as no formal complaint has been filed at this time.

UND

- a) *Brief summary statement of the nature of the claim:*  
**Rajapakse, Pushpe and Rajapakse, Sarisi v Sanford Clinic et al.**  
North Dakota District Court, East Central Judicial District. Medical Malpractice complaint served on UND on November 23, 2022. Summons and Complaint East Central Judicial District. One of the defendants is the University of North Dakota School of Medicine, and another is Dr. Yesha Shulka, a resident physician participating in UND's family medicine program. Plaintiffs are Pushpe Rajapakse and Sarasi Rajapakse, parents of Yara Rajapakse. Allegations are that their baby was born with an umbilical cord wrapped around its neck who suffered hypoxic ischemic brain injury at childbirth and is disabled. Primary claim is negligence in monitoring and addressing concerning changes in the baby's fetal heart rate (FHR) patterns in the couple hours before delivery. Summons and Complaint states Count I, Medical Negligence, Count II Informed Consent, Economic Damages, Non-Economic Damages. Plaintiffs ask for judgement against Defendants together with costs, interest and such other and further relief as the Court deems just and appropriate under the circumstances. UND has started the process of SAAG Appointment. Randi Hanson has been assigned to represent the School of Medicine (claim #143133) and Dr. Shulka (# 153544). Randall Hanson of Camrud, Maddock, Olson & Larson Ltd., 401 Demers Ave #500, Grand Forks, ND 58201. Attorneys for Plaintiffs are Kathleen Flynn Peterson and Colin F Peterson of Ciresi Conlin LLP, 225 South Sixth Street, Suite 4600, Minneapolis, MN 55702.
- b) *Summary statement concerning likelihood and estimate of loss:* Unknown due to no filings currently. Estimate of potential loss is unknown at this time.
- c) *Current Status:* No filings on State Inquiry or PACER yet.

UND

- a) *Brief summary statement of the nature of the claim:*  
**Ward, Renee v. University of North Dakota School of Medicine**  
Renee Ward notice of claim form emailed on October 28, 2022. Ms. Ward alleges on August 3, 2022, an IUD was incorrectly inserted into her bladder instead of her uterus at the UND Center for Family Medicine. She is currently seeking compensation in the amount of no less than \$50,000.00 for severe pain, emotional and mental physical pain and loss of income. Employees named are Dr. Gina Kapadia and Dr. Renu Mahli. COPIC letters to Renu Malhi, M.D. and UND School of Medicine dated 9-23-22 received.
- b) *Summary statement concerning likelihood and estimate of loss:* Unknown due to no filings currently. Estimate of potential loss is unknown at this time.
- c) *Current Status:* No filings on State Inquiry or PACER as no formal complaint has been filed at this time.

- DSU**
- a) Brief summary statement of the nature of the claim: DSU is party to a Title IX claim filed with the Office for Civil Rights (OCR).
  - b) Summary statement concerning likelihood and estimate of loss: No monetary settlement required beyond capital improvements to the campus to provide equal accommodations to women athletes at DSU.
  - c) Current Status: DSU signed a settlement agreement on November 25, 2019 and is has made adjustments to comply with the agreement. The last outstanding item is to complete the softball complex to provide equal accommodations to women athletes at DSU.

Closed Legal Actions:

- UND**
- a) Brief summary statement of the nature of the claim:  
**Becker, Emily et al. v. The North Dakota University System**
  - b) Summary statement concerning likelihood and estimate of loss:  
The likelihood of loss is remote.
  - c) Current Status: Case Dismissed without prejudice on 1-09-23

- UND**
- a) Brief summary statement of the nature of the claim:  
**Kreun, Linda v. University of North Dakota**
  - b) Summary statement concerning likelihood and estimate of loss:  
The likelihood of loss is remote.
  - c) Current Status: Motion to dismiss filed 7/20/22. Case dismissed without prejudice on 10-6-22.

- UND**
- a) Brief summary statement of the nature of the claim:  
**Rodriguez, Eduardo v. UNDPD**
  - b) Summary statement concerning likelihood and estimate of loss:  
The likelihood of loss is remote.
  - c) Current Status: Dismissed without prejudice 11/5/21.

- UND**
- a) Brief summary statement of the nature of the claim:  
**Anderson, Paula and Michael v. Sanford Clinic North et al**
  - b) Summary statement concerning likelihood and estimate of loss:  
The likelihood of loss is remote.
  - c) Current Status: Order of Dismissal filed 12-12-2022

- WSC**
- a) Brief summary statement of the nature of the claim:  
**Rylee Cook v. Williston State College**
  - b) Summary statement concerning likelihood and estimate of loss:  
The likelihood of loss is remote.
  - c) Current Status: Settlement agreed upon and case dismissed.

**6. Campus anticipates the need for deficiency appropriation.**

**DCB** DCB has requested \$99,768.31 in 2023 SB2025 for the (CREAM)-College Ready English and Math program administered by DCB for DPI. The program works with high school Seniors and qualifying Juniors who need remediation to prepare them for college level Math and English courses. DCB and DPI had a delay beyond 6/30/2021 in getting this invoice paid and thus the appropriation for the last biennium's expenses expired. DPI recognizes that payment should be made but doesn't have authorization within their appropriation for this biennium.

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

**NDSU** NDSU continues to monitor enrollment and retention trends, adjusting spending levels as necessary.

**NDSU** Due to enrollment trends and ND HE Funding Formula reductions, NDSU is evaluating how to right-size our operations through college mergers and academic program efficiencies, strategic investing in opportunities that will enhance our academic enterprise and improve retention and enrollment. We are modernizing our financial infrastructure through an incentivized budget model for colleges and reorganizing how financial services are delivered.

**BSC** BSC continues to implement strategies, including new program and certificate development to address declining enrollments.

**DCB** DCB has implemented a plan to address decreased enrollment and decreased housing occupancy. We are in the process of implementing new programs and a push in recruitment.

**North Dakota University System**  
**New Long-Term Leases**  
**7/01/2022 through 12/31/2022**

New Long-Term Lease Summary by Institution	
Campus	Ending Principal Balance Due
LRSC	8,280
NDSU	63,014
UND	53,880
VCSU	532,052
<b>NDUS Total</b>	<b>\$ 657,226</b>

Campus	Lease Start Date	Description	Lease Term (in months)	Principal New Leases
UND	07/01/21	MaxSim 360 Air Traffic Control Training Simulator lease with the UND Aerospace Foundation	12 months with 5 annual renewals	\$ 42,000
UND	07/01/22	198 square feet of office space at 1601 E Century Avenue, Bismarck from Jos Service ND for RAIN/MHA Mentor Pathways	24	\$ 11,880
UND	07/17/22	UND Alumni Association for Memorial Village building **	480	N/A
NDSU	04/01/22	Land to conduct agricultural research	36	\$ 714
NDSU	09/01/22	Office space	48	\$ 28,800
NDSU	04/01/22	Land to conduct agricultural research	60	\$ 33,500
VCSU	8/1/2022	Mac Computer Lease	36	\$ 532,052
LRSC	9/1/2022	Canon DX C5840i Copier for Foundation Office	60	\$ 8,280

\*\* UND is currently constructing the Memorial Village building and the final lease agreement amount is unknown.