

North Dakota University System

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

For FY25 – Period Ending December 31, 2024

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, the campus will be excluded from the mid-year budget status report to the Budget Finance Committee. Campuses are required to provide reporting of all budget variances as requested by the NDUS Office for completion of the mid-year budget status report to the Finance Budget Committee.

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

BSC	+\$1,400,228/+8.6% Tuition revenue increased due to enrollment growth, noting achieving the highest enrollment in its 85-year history. Student FTE increased by approximately 181 from budget. It is expected that additional increases will continue into the next fiscal year.
DCB	+\$214,599/+7.9% Tuition revenue increased due to enrollment growth being higher than expected. Students increased by 26 from budget. DCB is unsure if the increase will continue.
NDSCS	+\$669,824/+7.5% Tuition revenue increased due to enrollment growth being higher than expected. Students increased by 181 from budget. NDSCS expects the increases to continue but will adjust its AY2026 budget to include the anticipated increases.
UND	+\$11,133,658/+8.5% Tuition revenue increased due to conservative budgeting along with a larger than expected incoming class particularly in areas with higher differential tuition rates and improved student retention. Student FTE for Fall 2024 increased by approximately 776. UND expects the increases to continue but will be adjusted in its AY2026 budget to include the anticipated increases.
WSC	+\$157,732/+10.2% Tuition revenue increased due to enrollment growth being higher than expected. Student FTE increased by approximately 48.4 from budget. Growth is expected to continue into the next fiscal year by about 5-10%,.

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	+\$1,380,787/+32.0% Housing, food services, and bookstore sales have increased due to increased enrollment. +7.0% Occupancy has continued to increase due to increasing enrollment.
DCB	+\$745,725/+48.79% Prior year housing and food contracts were not factored into annual budget numbers and with increased enrollment the bookstore sales were higher than budgeted. Adjustments will be made in the next annual budget process to reflect anticipated ongoing growth.
DSU	+9.2% Occupancy rate. The increase is related to closure of Selke Hall 3 rd floor and taking 30 beds offline.
LRSC	+\$153,517/+7.0% Increased enrollment of 5% has led to increased auxiliary revenues in housing, dining, and at the bookstore.
MaSU	-\$111,104/-5.1% The bookstore and student lounge areas were closed for four months to remodel, causing temporary losses in budgeted revenue due to limited access.
MiSU	-5.0% Occupancy has decreased due to a variety of reasons with a 3.3% decrease in new freshman as the leading factor.
NDSCS	+\$858,050/+9.8% Increased due to conservative budgeting combined with increased enrollment resulting in greater room, board and bookstore revenues. +11.0% Occupancy has increased due to increasing enrollment.
NDSU	+\$3,297,020/+6.1% Variance due to Fall enrollment exceeding conservative budget planning estimates.
WSC	+\$344,831/+35.1% The food contracts sales increased 29% and the budget for FY25 was based upon understated assumptions. The majority of the variance is from the food contract which has a corresponding expense and will not result in incremental net income. Adjustments will be made in the next annual budget process to reflect the appropriate data.

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.

- LRSC** **Third Party Billing:** -\$368,089; Third party billings include collaborations with other institutions. Due to the timing of collecting the accounts receivable from those with outstanding accounts receivable balances.
- Nursing Education Consortium (NEC):** -\$137,727; LRSC is the lead institution to pay expenses for the NEC for BSC, DCB, WSC, and LRSC. Deficit is due to the timing of collecting the accounts receivable from those with outstanding accounts receivable balances.
- WSC** **Athletics – Hockey:** -\$190,272; Hockey expenses continue to be closely monitored. Fundraising to achieve revenues in excess of expenses is a focus area to over time eliminate the deficit in the Hockey program. Prior activities included the elimination of costly trips, this strategy continues in the current year and over time. WSC is focused on reducing the existing debt in total by end of FY2029.

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:
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: Within COPIC coverage range.
- c) Current Status: No litigation initiated at this time.

- 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:* Notice of claim requests, no less than \$50,000.
- c) *Current Status:* Complaint served on the University of North Dakota on or around May 29th, 2024. It has not yet been filed with the Court. UND's attorney and Plaintiff's attorney continue to discuss merits of case.
- UND a) *Brief summary statement of the nature of the claim:*
Rush, Auer v. UND Center for Family Medicine Minot- Trinity
 January 27th, 2023 a notice of representation and preservation filed by attorney Nathan Severson of SWL Attorneys for medical malpractice/wrongful death claim in the interest of Rush Auer, JA and HA. This notice names Dr. Michael Holland, Dr. Jeffrey Sather, Dr. Henry Chan and Trinity Hospitals/Trinity Health. On December 21, 2022, Rush Auer passed away which they allege was due to the negligence in the medical treatment received on December 19-20, 2022. This notice also alleges that Dr. Courtney Black and Trinity improperly released Rush Auer from the morgue without an autopsy being performed, attempting to cover up any negligence. It was determined that UND does not have any pertinent records and it is Trinity Health Minot's responsibility to ensure proper preservation of records and to respond.
 Attorney for plaintiff is Nathan Severson of SWL Attorneys, 4627 44th Ave. S. Ste 108, Fargo, ND 58104.
- b) *Summary statement concerning likelihood and estimate of loss:* Unsure at this time as no formal litigation has been initiated.
- c) *Current Status:* No formal litigation initiated at this time.
- UND a) *Brief summary statement of the nature of the claim:*
Ms. Elaine McAnulty natural mother of Sarah Ladd, deceased
 Notice of claim to ND Risk Management via North Dakota State Forensic Examiner's Office. An autopsy was performed by the Department of Forensic Examiner under contract with the NDHHS. Notice of claim was presented by Ms. McAnulty arising out of any damages she may have incurred over the State of North Dakota's handling of the body and organs of Sarah Ladd after Ms. Ladd's death.
- b) *Summary statement concerning likelihood and estimate of loss:* Unknown.
- c) *Current Status:* Notice of claim filed.

- UND**
- a) *Brief summary statement of the nature of the claim:*
Mortimer, Rylie v. UND
 A notice of claim was signed on 7-13-2023 and sent to the State OMB. A copy was provided to UND. The claim alleges that on 05/14/2023, Rylie Mortimer was on UND property, near the ND Museum of Art Building. Rylie was on some landscaping rocks when a pipe began discharging hot water. Rylie's claim indicates that she went to the Altru Express Clinic because the skin on her left ankle started to blister. Claim requests no less than \$10,000. Plaintiff's attorney is Timothy O'Keefe, 720 Main Avenue, Fargo, ND.
- b) *Summary statement concerning likelihood and estimate of loss:* Notice of claim requests no less than \$10,000.
- c) *Current Status:* Notice of claim filed but no litigation initiated at this time.
- UND**
- a) *Brief summary statement of the nature of the claim:*
Riedenberger, Stacey v. Dr. Samuel Bloomsburg (UND medical resident) and Sanford Fargo
 A notice of claim was signed on 6-22-2023 and provided to State OMB. A copy was provided to UND 's General Counsel and UND School of Medicine and Health Sciences. The claim alleges that Stacey Riedenberger sustained a right below knee amputation due to medical neglect. Plaintiffs are represented by Nathan Severson and Kylee Carlin, SW&L Attorneys, 4627 44th Ave South Suite 108, Fargo, ND 58104
- b) *Summary statement concerning likelihood and estimate of loss:* Within COPIC coverage range.
- c) *Current Status:* Summons and Complaint were served on December 21, 2024.
- UND**
- a) *Brief summary statement of the nature of the claim:*
UND Energy & Environmental Research Center (EERC) & BioAccelergy
 The UND EERC is currently engaged in a contractual payment dispute with BioAccelergy regarding payment in support of a number of projects completed or initiated by the UND EERC for BioAccelergy (and its predecessor, Accelergy). Both parties have communicated by letter outlining their positions. The EERC's outstanding invoices to BioAccelergy total \$426,042.76. The UND EERC has retained Mitch Armstrong of Smith, Porsborg, Schweigert, Armstrong, Moldenhauer & Smith as a SAAG and intends to initiate litigation to recover the outstanding funds.
- b) *Summary statement concerning likelihood and estimate of loss:* Unknown.
- c) *Current Status:* Summons and Complaint have been drafted and are in the process of being served on Accelergy

UND

- a) Brief summary statement of the nature of the claim:
Sangster, Andrew v. University of North Dakota
 A class and collective action FLSA complaint signed on August 29, 2024, alleges that Mr. Sangster worked for the University as a non-exempt, hourly paid Flight Instructor from approximately October 2019 through November 2021. The claim further alleges that the University failed to pay Mr. Sangster and its other hourly Flight Instructors for all hours worked including regular hours and for overtime hours which exceed forty hours per week. Scott Porsborg appointed as a SAAG to represent the University.
- b) Summary statement concerning likelihood and estimate of loss: Unknown.
- c) Current Status: Complaint filed in Grand Forks District Court on September 12, 2024.

MaSU

- a) Brief summary statement of the nature of the claim:
JOHNSON VS. MSU
 Allegation of Gender Discrimination and Retaliation
- b) Summary statement concerning likelihood and estimate of loss: None.
- c) Current Status: Complaint filed, served and Response filed

Closed Legal Actions:**UND**

- a) Brief summary statement of the nature of the claim:
Becker, Emily et al. v. The North Dakota University System
 Class action suit served and filed in the US District Court of North Dakota (3:22-cv-00100) on June 16, 2022 including four potential members of the Women's ice hockey team at the University of North Dakota. Plaintiffs claiming Title IX violation demonstrated by defendants, due to failure to determine athletic interests and abilities of female athletes, before eliminating women's hockey program. Plaintiff(s) seeking reinstatement of women's hockey program at the University of North Dakota. Plaintiffs listed as Emily Becker, Calli Forsberg, Morgan Stenseth, Maya Tellmann. Attorney for Plaintiff(s) Daniel Siegel, Siegel & Yee, 475 14th Street, suite 500, Oakland, CA Attorney for Defendant Daniel Cohen, Nelson Mullins, 201 17Th St. NW Suite 1700, Atlanta, GA 30363. Appeal filed 2/6/23 with US Court of Appeals Eighth Circuit. (0:2023cv01213)
- b) Summary statement concerning likelihood and estimate of loss: No monetary request.
- c) Current Status: Case was dismissed December 19, 2024.

6. Campus anticipates the need for deficiency appropriation.

No campuses with anticipated deficiency appropriation.

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

NDSU NDSU is monitoring the uncertainty regarding continuation and/or changes to federal grant funding. Continue to monitor enrollment and retention trends, adjusting spending levels as necessary.