# NORTH DAKOTA UNIVERSITY SYSTEM
# FINANCIAL REVIEW
## Fiscal Year Ending 2012 (with trends since FY 2009)
## March 2013

As with any large business organization governed by a board, it is essential that the board members know the financial strength of the organization. This information is important to have in order to make informed decisions. The central purpose and use of the information in this report is to provide the board with a financial analysis of each institution which is needed to assist the board in fulfilling its fiduciary responsibilities. In addition, to this report a separate semi-annual budget status report is presented to the SBHE Budget, Audit and Finance Committee which discloses significant revenue and expenditure variances, deficits, and pending lawsuits.

The purpose of this financial review is to gain an understanding of the financial health of each institution, based on year-end financial statements as of June 30, 2012 and to identify trends that are occurring over a period of time (FY2009 thru FY2012). It is not the intent of the Ratio Analysis section of this report to compare ratios of one institution to the ratios of another, but rather to compare each institution to the identified industry standard. These are general industry standards and not specific to just higher education. However, they do provide a good benchmark to measure financial performance. **In addition, it is important to note that individual ratio results do not stand on their own; rather, the results of all the ratios and trends over time should be viewed together when considering the financial health of the institution.**

In order to distinguish between financial statement position and funding adequacy, a Funding Analysis section (page 13) is included in this report. Nationally, in FY12 ND ranks 11 out of 50 in state/local appropriations funding per FTE student, as compared to a ranking of 40 out of 50 in 2009. State appropriations in North Dakota have increased over that period of time, while most other states have been making spending cuts, resulting in a rapid change in relative state position. .

This report suggests ND institutions are well managed and most are financially stable.

## Viability Ratio

This ratio measures the ability to retire long-term debt using current resources. It is calculated by comparing combined expendable net assets to total long-term debt (bonds, notes and capital leases). Expendable net assets include all unrestricted net assets and all expendable restricted net assets, excluding net investment in plant. A ratio of greater than 1.0 is good and a ratio of less than .3 is of concern. Please note that the formula was changed in FY2010 to be in line with the formula used by the Higher Learning Commission. Prior to FY2010, the viability ratio was calculated by comparing combined unrestricted net assets and net assets restricted for debt service to total long-term debt (bonds, notes and capital leases). Historical figures have been restated consistent with the new reporting approach.

The following table shows the viability ratio for each institution for the current fiscal year and three previous fiscal years:

*Greater than 1.0 is good, less than .3 concern*

| VIABILITY RATIO | | | | |
|---|---|---|---|---|
| **Institution** | **FY 2012** | **FY 2011** | **FY 2010** | **FY 2009** |
| DSU | 13.0 | 10.8 | 10.1 | 9.5 |
| DCB | 7.8 | 5.6 | 3.9 | 2.2 |
| NDSCS | 1.5 | 7.4 | 6.6 | 4.6 |
| MiSU | 1.2 | 1.4 | 1.5 | 3.5 |
| UND | 1.1 | 1.0 | .8 | .9 |
| **Total NDUS** | **.9** | **.8** | **.8** | **.9** |
| VCSU | .7 | .6 | 1.1 | 1.0 |
| BSC | .6 | .9 | .9 | .8 |
| LRSC | .6 | 3.0 | 2.6 | 2.1 |
| NDSU | .6 | .5 | .5 | .6 |
| MaSU | .3 | .2 | .2 | .4 |
| WSC | .2 | .4 | 1.3 | 1.6 |

Six of the eleven institutions have a viability ratio of less than 1.0. The ratio decreased for seven of the institutions in FY2012 compared to FY2009 as a result of increases in long-term debt during the three year period. The ratio for the NDUS, as a whole, is slightly below the industry standard of 1.0.

**Primary Reserve Ratio**

This ratio measures the ability to operate at current levels without future revenues. It is calculated by comparing combined unrestricted net assets and expendable restricted net assets to annual operating expenses. A ratio of greater than .1 is good while a ratio of less than .05 is of concern.

The following table shows the primary reserve ratio for each institution for the current fiscal year and three previous fiscal years:

| PRIMARY RESERVE RATIO | | | | |
|---|---|---|---|---|
| ***Institution*** | **FY 2012** | **FY 2011** | **FY 2010** | **FY 2009** |
| DSU | .5 | .4 | .4 | .4 |
| NDSCS | .4 | .3 | .4 | .3 |
| **Total NDUS** | **.3** | **.3** | **.3** | **.3** |
| DCB | .3 | .2 | .2 | .1 |
| MiSU | .3 | .5 | .5 | .6 |
| NDSU | .3 | .2 | .2 | .2 |
| UND | .3 | .3 | .3 | .3 |
| BSC | .2 | .2 | .2 | .2 |
| LRSC | .2 | .3 | .3 | .3 |
| MaSU | .2 | .2 | .2 | .2 |
| VCSU | .2 | .2 | .2 | .2 |
| WSC | .2 | .3 | .1 | .1 |

*Greater than .1 is good, less than .05 concern*

The primary reserve ratio is good for all campuses and remained stable at most campuses over the last several years. As a result, the total NDUS ratio remains good. Most notably, while MiSU's ratio continues to be above the industry standard, it has declined from .6 to .3 over the past three years.

**Current Ratio**

This ratio measures the ability to meet current obligations. The ratio is calculated by comparing current assets (unrestricted cash and investments, accounts/notes/grants receivable and inventories) to current liabilities (accounts payable, accrued payroll, student deposits and current portion of long-term debt). A ratio of greater than 2 is good, while a ratio of less than 1 is of concern.

The following table shows the current ratio for each institution for the current fiscal year and three previous fiscal years:

| CURRENT RATIO | | | | |
|---|---|---|---|---|
| **Institution** | **FY 2012** | **FY 2011** | **FY 2010** | **FY 2009** |
| DCB | 8.3 | 4.8 | 3.7 | 2.6 |
| NDSCS | 5.4 | 4.9 | 5.5 | 4.0 |
| DSU | 5.3 | 7.8 | 7.8 | 4.5 |
| MiSU | 3.4 | 3.9 | 3.6 | 6.1 |
| LRSC | 2.8 | 3.4 | 3.4 | 3.7 |
| BSC | 2.7 | 2.5 | 2.7 | 2.3 |
| **Total NDUS** | **2.5** | **2.5** | **2.5** | **2.7** |
| VCSU | 2.3 | 2.2 | 2.8 | 2.5 |
| NDSU | 2.2 | 2.0 | 2.0 | 2.9 |
| MaSU | 2.1 | 1.6 | 1.5 | 0.9 |
| UND | 2.0 | 2.2 | 2.3 | 2.2 |
| WSC | 1.9 | 2.7 | 1.5 | 1.9 |

*Greater than 2.0 is good, less than 1 concern*

The current ratio for the institutions is good and increased at five of the eleven institutions since FY2009 (DCB, NDSCS, DSU, BSC, MaSU).

## Working Capital Ratio

This ratio measures the ability to sustain operations in a short-term emergency situation (4-6 weeks). The ratio compares working capital (current assets less current liabilities) to total operating expenses, converted into weeks. While no industry standard is available, professional judgment suggests that an institution should be able to cover a minimum of 4 weeks of operating expenses in the event of an emergency.

The following table shows the working capital ratio for each institution for the current fiscal year and three previous fiscal years:

| WORKING CAPITAL RATIO | | | | |
|---|---|---|---|---|
| **Institution** | **FY 2012** | **FY 2011** | **FY 2010** | **FY 2009** |
| DSU | 23.5 | 21.7 | 21.1 | 20.5 |
| MiSU | 18.7 | 20.3 | 22.7 | 25.7 |
| NDSCS | 16.5 | 15.3 | 15.7 | 13.2 |
| DCB | 14.4 | 11.6 | 8.9 | 5.3 |
| LRSC | 11.0 | 14.4 | 15.8 | 15.0 |
| BSC | 9.6 | 8.3 | 9.0 | 8.2 |
| VCSU | 8.4 | 8.1 | 9.1 | 9.3 |
| MaSU | 7.9 | 5.8 | 4.5 | 0.0 |
| **Total NDUS** | **7.8** | **7.7** | **8.1** | **9.4** |
| NDSU | 6.1 | 5.1 | 5.6 | 8.9 |
| WSC | 6.1 | 7.8 | 3.2 | 5.4 |
| UND | 5.1 | 5.7 | 6.3 | 7.1 |

*4-6 weeks is good*

All of the institutions have good or very good working capital reserves. The working capital ratio increased at six campuses (BSC, NDSCS, DSU, DCB, MaSU and WSC) over the past three years and decreased at all other campuses (LRSC, VCSU, MiSU, NDSU, and UND).

## Operating Income Margin

This ratio measures current year financial results. The ratio is calculated by comparing combined operating and nonoperating net income (before capital gifts and grants) to total combined operating and nonoperating revenues (excluding capital gifts and grants). A ratio of greater than zero is desired and indicates the institution is not spending more than it is taking in during the year. Additionally, a ratio of greater than zero indicates the institution is adding to reserves.

The following table shows the operating income margin for each institution for the current fiscal year and three previous fiscal years:

*Greater than 0 is good*

| Operating Income Margin | | | | |
|---|---|---|---|---|
| **Institution** | **FY 2012** | **FY 2011** | **FY 2010** | **FY 2009** |
| WSC | 6.6% | 4.7% | 11.5% | 5.0% |
| DCB | 2.2% | 2.4% | 5.7% | -2.2% |
| NDSU | 1.2% | 2.5% | -0.2% | -0.9% |
| MaSU | 1.1% | 2.3% | -0.5% | -1.9% |
| **Total NDUS** | **0.9%** | **1.8%** | **1.5%** | **0.1%** |
| UND | 0.6% | 2.0% | 1.9% | -0.5% |
| BSC | 0.3% | -2.3% | 1.3% | -0.4% |
| DSU | -1.2% | -1.4% | -2.2% | -0.2% |
| MiSU | -2.0% | -0.5% | 1.6% | 0.9% |
| NDSCS | -3.0% | -5.6% | -0.7% | -3.4% |
| VCSU | -3.7% | -3.5% | -2.1% | -3.8% |
| LRSC | -7.9% | 0.0% | 4.6% | 0.0% |

Five institutions (DSU, MiSU, NDSCS, VCSU and LRSC) have an operating income margin below zero, which means they spent more to operate in FY2012 than they earned from operations in FY2011. A negative margin for one year could be due to timing issues or one-time events. Several years of a ratio of zero or less is of concern. Institutions with a ratio of zero or less for the last two consecutive years such as DSU, MiSU, NDSCS and VCSU should be closely monitored.

## Net Income Margin

This ratio measures an institution's financial status in terms of current year operations. The ratio is calculated by dividing the current year's increase in net assets by total revenues. A positive net income margin indicates that the institution experienced a net increase in current year fund balances. A negative net income margin results when an institution's current year expenditures exceed its current year revenues, requiring the institution to draw on reserves or creating deficit spending.

| Net Income Margin | | | | |
|---|---|---|---|---|
| **Institution** | **FY 2012** | **FY 2011** | **FY 2010** | **FY 2009** |
| WSC | 22.9% | 22.0% | 16% | 9% |
| LRSC | 13.4% | .5% | 5% | 1% |
| VCSU | 10.9% | 1.8% | 7% | 5% |
| MiSU | 10.4% | 2.2% | 18% | 7% |
| MaSU | 7.3% | 20.0% | 13% | 5% |
| NDSU | 6.5% | 8.5% | 5% | 2% |
| BSC | 5.9% | 6.5% | 5% | 14% |
| **Total NDUS** | **5.5%** | **6.9%** | **7%** | **3%** |
| UND | 3.5% | 6.6% | 3% | 1% |
| DCB | 3.3% | 13.1% | 9% | -1% |
| DSU | 1.8% | 2.6% | 26% | 14% |
| NDSCS | 1.4% | 1.6% | 12% | 3% |

*Positive margin good*

All institutions had a positive net income margin. A negative margin for one year could be due to timing issues or one-time events. Several years of a negative margin is a concern. Since FY2009, no institution has had a negative net income margin for more than one year.

**Trend: Change in net liquid assets less current liabilities (FY2009 to FY2012)**

This calculation measures the change in ability to meet current obligations over time. It is the percentage change from June 30, 2009 to June 30, 2012 between liquid assets (cash, current investments and current receivables) and current liabilities. A positive percentage change is desirable as it indicates improvement over time in an institution's ability to meet current obligations. A negative percentage change indicates decline in ability over time to meet current obligations.

The following table shows the percentage change in net liquid assets for each institution from FY2009 to FY2012 and the dollar amount of net liquid assets for the current fiscal year and three previous fiscal years:

*Positive change good*

| Net Liquid Assets | | | | | |
|---|---|---|---|---|---|
| Institution | Trend<br>% Change FY 2009-2012 | Ending Balance (in millions)<br>FY 2012 | FY 2011 | FY 2010 | FY 2009 |
| MASU | 384% | $2.3 | $1.4 | $1.0 | $-0.8 |
| DCB | 289% | $2.0 | $1.6 | $1.1 | $0.5 |
| WSC | 78% | $1.6 | $1.6 | $0.5 | $0.9 |
| BSC | 58% | $7.0 | $5.9 | $5.4 | $4.4 |
| NDSCS | 41% | $12.8 | $11.4 | $11.6 | $9.1 |
| DSU | 25% | $13.4 | $12.8 | $11.9 | $10.7 |
| VCSU | 22% | $3.3 | $2.9 | $3.0 | $2.7 |
| LRSC | 3% | $3.0 | $3.5 | $3.4 | $2.9 |
| **Total NDUS** | **-6%** | **$139.8** | **$136.2** | **$137.0** | **$149.1** |
| UND | -22% | $34.9 | $37.1 | $40.0 | $44.9 |
| NDSU | -26% | $37.9 | $31.6 | $33.9 | $51.2 |
| MiSU | -30% | $14.8 | $19.9 | $21.1 | $21.1 |

The change in net liquid assets coupled with the current ratio gives an indication of change in financial liquidity from one year to another. All institutions, with the exception of MiSU, NDSU and UND had an increase in net liquid assets since FY2009.

**Trend: Change in long-term liabilities (FY2009 to FY2012)**

This calculation measures the change in long-term liabilities over time. It is the percentage change from June 30, 2009 to June 30, 2012 in total long-term liabilities. A negative change indicates the institution retired more debt than it added over the three-year period. A positive change indicates the institution added more debt than it retired.

The following table shows the percentage change in long-term liabilities for each institution from FY2009 to FY2012 and the dollar amount of long-term liabilities at year end and for the three previous fiscal years:

*Negative change good*

| Long-term Liabilities | | | | | |
|---|---|---|---|---|---|
| **Institution** | **Trend** | **Ending Balance (in millions)** | | | |
| | **% Change FY 2009-2012** | **FY 2012** | **FY 2011** | **FY 2010** | **FY 2009** |
| DCB | -27% | $0.3 | $0.3 | $0.3 | $0.4 |
| DSU | -9% | $1.1 | $1.3 | $1.3 | $1.2 |
| UND | -3% | $112.4 | $117.2 | $121.0 | $115.8 |
| NDSU | 17% | $148.8 | $156.7 | $151.8 | $127.5 |
| **Total NDUS** | **21%** | **$343.3** | **$338.6** | **$328.8** | **$284.2** |
| VCSU | 73% | $7.0 | $7.1 | $3.9 | $4.1 |
| BSC | 78% | $14.6 | $8.0 | $7.8 | $8.2 |
| MASU | 98% | $12.1 | $12.8 | $13.5 | $6.1 |
| MISU | 122% | $15.7 | $16.2 | $16.6 | $7.0 |
| LRSC | 254% | $5.8 | $1.4 | $1.5 | $1.6 |
| NDSCS | 307% | $10.5 | $1.8 | $2.0 | $2.6 |
| WSC | 1,102% | $10.1 | $9.8 | $0.7 | $0.8 |

This calculation, coupled with the viability ratio indicates an institution's ability to service debt over time. Institutions with a viability ratio of less than 1.0, coupled with a large increase in long-term debt are BSC, LRSC, MaSU, BSC's long-term debt increased 78 percent from FY2009, due to new bonds of $7.0 million issued in FY2012 for the renovation and expansion of the Student Union Building.

- LRSC increased its long term debt in FY12 by $4.5 million for a note payable obtained in FY2012 for installation of a wind turbine, replacement of a gas fired boiler and an upgrade to the central pumping station .
- MaSU increased its long term debt in FY10 by approximately $6.1 million for the construction of a Coal Heating Plant and by $3.7 million for the Renovation of Agassiz Hall.
- NDSU issued a $26 million bond in FY2010 for the construction of the Niskanen Apartments & Addition to West Dining Center.
- VCSU's long term debt increased by $3.2 million for bonds issued in FY2011 for the renovation of Snoeyenbos Hall.
- WSC long-term debt increased with the issuance of a $9.75 million bond for the construction of a new residence hall.

With viability ratios of less than 1.0, these institutions should remain cautious about adding new debt in the near future.

**Trend: Change in Fall FTE enrollment (2009-2012)**

This calculation shows the percentage change in FTE enrollment from Fall 2009 to Fall 2012, including all credit on-campus and distance ed students.

The second column in the table shows the percentage change for each institution in Fall FTE enrollment from the Fall 2012 Enrollment Report (FY2013) to the Fall 2009 (FY2010) Enrollment Report. The third column shows the percentage change in Fall FTE enrollment from the Fall 2011 (FY2012) Enrollment Report to the Fall 2008 (FY2009) Enrollment Report.

| | | | Fall FTE Enrollment | | | | |
|---|---|---|---|---|---|---|---|
| Institution | Trend<br>% Change Fall Enrollment Report FY 2009-2012 | Trend<br>% Change Fall Enrollment Report FY 2008-2011 | Enrollment* 2012 | 2011 | 2010 | 2009 | 2008 |
| VCSU | 19% | 23% | 995 | 1,011 | 957 | 833 | 823 |
| MASU | 15% | 25% | 759 | 704 | 704 | 662 | 563 |
| NDSCS | 13% | 16% | 2,354 | 2,366 | 2,217 | 2,076 | 2,041 |
| UND | 13% | 11% | 12,729 | 12,319 | 12,018 | 11,306 | 11,137 |
| LRSC | 12% | 26% | 973 | 988 | 921 | 868 | 784 |
| **Total NDUS** | **3%** | **8%** | **38,703** | **39,089** | **38,913** | **37,564** | **36,096** |
| NDSU | 1% | 7% | 12,707 | 12,606 | 12,708 | 12,577 | 11,794 |
| DCB | -3% | 19% | 474 | 524 | 540 | 490 | 440 |
| MISU | -4% | 3% | 2,731 | 2,794 | 3,002 | 2,832 | 2,720 |
| BSC | -5% | 9% | 2,990 | 3,209 | 3,208 | 3,160 | 2,937 |
| WSC | -6% | 8% | 537 | 608 | 570 | 573 | 562 |
| DSU | -34% | -15% | 1,454 | 1,959 | 2,054 | 2,187 | 2,294 |

**From the Fall Enrollment Report Table 6 and as re-defined, Aug. 2006 based on 15 credit hours.*

Positive growth good

Overall, the NDUS saw an increase in FTE enrollment since Fall 2009 of 3 percent. UND experienced increased enrollment in each of the three consecutive years. DSU, MiSU and DCB experienced declines in each of the three consecutive years. (Occasional declines in enrollment are not unusual, but several consecutive years of declining enrollment is noteworthy).

**Headcount by Delivery Method of Coursework**

The table below reports the number of students enrolled in distance only learning, a combination of distance and traditional learning and traditional only learning. Traditional learning is defined as face-to-face on campus instruction. Distance learning includes other than face-to-face on campus instruction.

The Headcount by Delivery Method of Coursework is obtained from Table 9 of the Fall 2012 Fall Enrollment Report.

| INSTITUTION | Only Distance | Combination of Distance and Traditional | Traditional |
|---|---|---|---|
| Bismarck State College | 1,677 | 740 | 1,692 |
| Dakota College at Bottineau | 415 | 143 | 216 |
| Dickinson State University | 460 | 197 | 1,180 |
| Lake Region State College | 1,546 | 136 | 292 |
| Mayville State University | 365 | 104 | 551 |
| Minot State University | 1,090 | 521 | 1,949 |
| ND State College of Science | 1,383 | 391 | 1,292 |
| North Dakota State University | 791 | 3,062 | 10,590 |
| University of North Dakota | 2,873 | 1,673 | 10,704 |
| Valley City State University | 560 | 523 | 279 |
| Williston State College | 323 | 218 | 267 |
| GRAND TOTAL | 11,483 | 7,708 | 29,012 |

Source: 2012 Fall Enrollment Report

**Waivers as a percentage of tuition -**

This calculation measures the dollar amount of waivers granted as a percentage of gross tuition revenue. The higher the percentage, the more the institution is forgoing revenues.

The table shows tuition waivers for each institution as a percentage of gross tuition charged all students for the current fiscal year and three previous fiscal years. Note that in FY2012 the calculation was changed to gross tuition, excluding fee revenues. The percentages for FY2011, FY2010 and FY2009 shown in the table below have been restated to exclude fee revenues.

| Waivers as a Percentage of Tuition | | | | |
|---|---|---|---|---|
| **Institution** | **FY 2012** | **FY 2011** | **FY 2010** | **FY 2009** |
| BSC | 2.3% | 1.3% | 1.2% | 1.2% |
| DCB | 3.5% | 4.3% | 2.9% | 3.6% |
| WSC | 5.0% | 6.8% | 7.9% | 4.7% |
| MASU | 5.1% | 4.7% | 4.2% | 7.9% |
| LRSC | 5.1% | 4.0% | 4.3% | 5.8% |
| MISU | 8.8% | 8.0% | 6.6% | 8.5% |
| UND | 9.1% | 9.7% | 10.0% | 9.6% |
| VCSU | 11.1% | 9.2% | 10.7% | 10.3% |
| **Total NDUS** | **12.9%** | **12.2%** | **12.7%** | **12.5%** |
| NDSCS | 15.1% | 12.5% | 11.9% | 10.0% |
| NDSU | 18.3% | 16.7% | 17.7% | 16.8% |
| DSU | 25.4% | 25.3% | 27.0% | 27.8% |

FY2012 waivers for the NDUS totaled $33.5 million, an increase of 23 percent over FY2009. While the dollar amount of waivers increased 23 percent, total waivers as a percentage of tuition increased by less than .5 percent. Therefore, the dollar increase in waivers is in line with the dollar increase in tuition over the three-year period.

Six institutions (BSC, MiSU, NDSCS, NDSU, VCSU and WSC) had an increase in waivers as a percentage of tuition from FY2009 while five institutions (DSU, LRSC, UND, MaSU and MiSU) had a decrease in the amount of waivers granted as a percent of tuition for the same period. DCB remained unchanged.

The NDUS has not been able to obtain external objective and measurable national data against which to benchmark tuition waivers.

It should be noted that many of the waivers are partial waivers to reduce the "published" tuition rate. At some campuses, this practice is not necessary as the SBHE approved special tuition rates at select campuses. For example, some campuses charge the resident rate to all students, regardless of residency status. Others have a published higher non-resident rate, but use waivers to lower this rate, but generally not less than the resident rate.

Also, the SBHE has approved alternative tuition rates at select campuses. As a result, the difference between the historical rate and the approved alternative tuition rate is not reflected in the waiver figures above.

# FUNDING ANALYSIS

**National per FTE Funding Comparison**

State funding per FTE for the public institutions of higher education in North Dakota are above the national average, as are educational revenues (tuition and fees) per student.

**FY 2012 Total Educational Revenue per FTE - Public Institutions of Higher Ed**

| Rank | Total Educational Revenues Per FTE* | | Rank | Educational Appropriations (State/Local) Per FTE* | |
|---|---|---|---|---|---|
| 1 | Delaware | 16913 | 1 | Wyoming | 14105 |
| 2 | Alaska | 16454 | 2 | Alaska | 11909 |
| 3 | Wyoming | 16359 | 3 | North Carolina | 8735 |
| 4 | Rhode Island | 15231 | 4 | Illinois | 8554 |
| 5 | Maine | 14097 | 5 | Texas | 7938 |
| 6 | Vermont | 14023 | 6 | New York | 7542 |
| 7 | Connecticut | 14016 | 7 | New Mexico | 7430 |
| 8 | Maryland | 13924 | 8 | Connecticut | 7354 |
| 9 | Alabama | 13785 | 9 | Oklahoma | 7008 |
| 10 | North Dakota | 13585 | 10 | Kentucky | 6959 |
| 11 | New Jersey | 13322 | 11 | North Dakota | 6938 |
| 12 | Michigan | 13148 | 12 | Nebraska | 6933 |
| 13 | Kentucky | 12886 | 13 | Hawaii | 6898 |
| 14 | Pennsylvania | 12865 | 14 | Arkansas | 6873 |
| 15 | Illinois | 12855 | 15 | Nevada | 6676 |
| 16 | Texas | 12678 | 16 | Maryland | 6668 |
| 17 | North Carolina | 12217 | 17 | Georgia | 6644 |
| 18 | Minnesota | 12196 | 18 | California | 6577 |
| 19 | Virginia | 11975 | 19 | Maine | 6071 |
| 20 | Oklahoma | 11861 | 20 | New Jersey | 6051 |
| 21 | New York | 11852 | 21 | Mississippi | 6033 |
| 22 | South Carolina | 11551 | 22 | Alabama | 5855 |
| 23 | Mississippi | 11464 | 23 | Idaho | 5661 |
| 24 | Iowa | 11449 | 24 | Wisconsin | 5639 |
| 25 | Nebraska | 11410 | 25 | Tennessee | 5582 |
| 26 | West Virginia | 10950 | 26 | West Virginia | 5575 |
| 27 | South Dakota | 10699 | 27 | Louisiana | 5551 |
| 28 | Georgia | 10501 | 28 | Rhode Island | 5226 |
| 29 | Hawaii | 10446 | 29 | Florida | 5130 |
| 30 | Nevada | 10430 | 30 | Missouri | 4984 |
| 31 | Indiana | 10396 | 31 | Utah | 4830 |
| 32 | Wisconsin | 10371 | 32 | Washington | 4788 |
| 33 | Tennessee | 10305 | 33 | Massachusetts | 4712 |
| 34 | Massachusetts | 10238 | 34 | Delaware | 4663 |
| 35 | New Hampshire | 10189 | 35 | Kansas | 4647 |
| 36 | Oregon | 9985 | 36 | Minnesota | 4607 |
| 37 | Missouri | 9870 | 37 | Arizona | 4567 |
| 38 | Ohio | 9706 | 38 | South Carolina | 4515 |
| 39 | New Mexico | 9623 | 39 | Iowa | 4390 |
| 40 | Arkansas | 9600 | 40 | Virginia | 4272 |
| 41 | Arizona | 9375 | 41 | Indiana | 4258 |
| 42 | Kansas | 9313 | 42 | South Dakota | 4195 |
| 43 | Utah | 9165 | 43 | Michigan | 4185 |
| 44 | Louisiana | 9138 | 44 | Montana | 4007 |
| 45 | Idaho | 8990 | 45 | Pennsylvania | 3875 |
| 46 | California | 8842 | 46 | Oregon | 3851 |
| 47 | Montana | 8841 | 47 | Ohio | 3663 |
| 48 | Colorado | 8722 | 48 | Colorado | 2551 |
| 49 | Washington | 8215 | 49 | Vermont | 2512 |
| 50 | Florida | 8213 | 50 | New Hampshire | 1583 |
| | **US** | **11034** | | **US** | **5896** |

As the chart below illustrates, North Dakota's educational revenues per FTE has increased since FY2009 while the national average remained flat. North Dakota's educational appropriations per FTE also increased from FY2009 while the US average declined 14.9%, as many states reduced appropriations due to budget constraints.

| | **FY2012** | **FY2011** | **FY2010** | **FY2009** |
|---|---|---|---|---|
| ND Total Educational Revenues per FTE | $ 13,585 | $ 12,416 | $ 12,741 | $ 11,812 |
| *% increase (decrease)* | *15.0%* | | | |
| US Average | $ 11,034 | $ 11,016 | $ 10,734 | $ 10,998 |
| *% increase (decrease)* | *0.3%* | | | |
| ND Ranking | 10 | 15 | 15 | 20 |

| | **FY2012** | **FY2011** | **FY2010** | **FY2009** |
|---|---|---|---|---|
| Educational Appropriations (State/Local) Per FTE | $ 6,938 | $ 6,263 | $ 6,520 | $ 5,476 |
| *% increase (decrease)* | *26.7%* | | | |
| US Average | $ 5,896 | $ 6,290 | $ 6,454 | $ 6,928 |
| *% increase (decrease)* | *-14.9%* | | | |
| ND Ranking | 11 | 23 | 22 | 40 |

## Summary by Institution

**BSC**

BSC's overall financial position remains good. The working capital ratio and operating income margin increased from FY2009 while the primary reserve ratio and current ratio remained at about the same levels. The viability ratio and the net income margin ratio decreased since FY2009 but is not a concern at this time. Long-term debt increased 78 percent from FY2009, due to new bonds of $7.0 million issued in FY2012 for the renovation and expansion of the Student Union Building, which will be supported by a student fee increase in the Fall 2013. The oil/energy related activities in the western part of the state and the overall strong North Dakota economy as well as a shortage of affordable housing contributed to a decline in FTE enrollment of 5 percent compared to FY2009.

**DCB**

Prior to FY2008, DCB’s financial position had progressively declined and was of concern. Steps taken by DCB in FY2007 helped to improve their financial position considerably. All of DCB’s ratios are **good or very good.** All of DCB’s ratios have improved since FY2009; however FTE enrollment declined 3 percent.

**DSU**

DSU’s financial position remains good. Most of DSU’s ratios have improved since FY2009. However, the operating income margin was negative for FY2012 and the previous three years and FTE enrollment decreased 34 percent since FY2009 from 2,187 to 1,454 FTE. Both of these indicators are a concern.

**LRSC**

LRSC’s overall financial position is good. The working capital ratio and the net income ratio are strong. Long term debt increased in FY2012 by $4.5 million for a note payable for the installation of a wind turbine, replacement of a gas fired boiler and an upgrade to the central pumping station. FTE enrollment increased 12 percent from FY2009.

**MaSU**

MaSU financial condition has improved since implementing a financial management plan in FY2006. Since FY2009, the current ratio, working capital ratio, operating income margin and the net income margin have increased. The primary reserve ratio remained at the same level from FY2009 while the viability ratio declined slightly. Long-term debt increased for the construction of a Coal Heating Plant and the renovation of Agassiz Hall. FTE Enrollment increased 15 percent since FY2009.

**MiSU**

MiSU’s financial position is good. Long-term debt increased due to the issuance of a $10 million bond in FY2010 for the construction of a Wellness Center but is not a concern given MiSU’s strong reserves and liquidity. The 2011 Souris River flood and the tight housing market in Minot negatively impacted enrollment.

**NDSCS**

NDSCS’s financial position is good. Reserves and liquidity are strong. Long term debt increased in FY2012 with the issuance of revenue bonds of $9.0 million for the renovation of Forkner and

Riley Residential Halls. Total FTE enrollment increased 13 percent from FY2009. None of the ratios indicate any concerns at this point; however, it should be noted that NDSCS had negative operating income for the last four years and this should be addressed through permanent changes.

**NDSU**

NDSU's overall financial position is good with adequate reserves and liquidity. The operating income margin and net income margin are both improved since FY2009. The current and working capital ratios remain good. The viability ratio remains a concern, but is stable. Long term liabilities increased 17 percent since FY2009. NDSU received a Moody's report dated May 4, 2012, affirming all outstanding ratings of Aa3 (upper-medium-grade), with a stable outlook on "The Aa3 rating reflects NDSU's established market position as the State's land grant research university with stable and growing state appropriations and good growth in grants and contracts…". NDSU received a Standard & Poor's report dated December 7, 2012 indicating a revised outlook from stable to positive. This revised outlook follows the state of North Dakota's revised positive outlook.

**UND**

UND's overall financial position is good with adequate reserves and liquidity. The viability ratio, current ratio, operating income margin, net income margin increased since FY2009 while long term debt decreased slightly for the same period. FTE enrollment increased 13 percent from FY2009.

UND received a Moody's rating of Aa3 (upper-medium grade), with a stable outlook on August 8, 2012. According to Moody's, "*The Aa3 rating reflects UND's market position as the state's flagship in North Dakota with strong support from the state of North Dakota (Aa1/Stable), good diversity of revenues and a healthy financial resources to debt cushion. The rating also incorporates modest enrollment growth over the past several years, stable operating performance and the university's continued reliance of non-resident students to mitigate a trend of declining high school age students in the state.*" UND received a Standard & Poor's report dated June 25, 2012 affirming an A+ rating. This is a revised outlook from stable to positive. This revised outlook reflects their view of another year of healthy operating performance, enrollment growth, and continued growth in financial resource ratios relative to debt.

**VCSU**

VCSU's liquidity is good; however, operating income margin has been negative for the past consecutive three years which is of concern. Long term debt increased 73 percent since FY2009 due to the issuance of bonds in FY2011 for the renovation of Snoeyenbos Hall.

**WSC**

WSC's primary reserve ratio and current ratio have remained stable since FY2009 while the working capital ratio, operating income margin and net income margin has increased. The decrease from FY2009 in the viability ratio and FTE enrollment is a concern. Long-term debt increased due to the issuance of a $9.75 million bond for the construction of a new residence hall in FY2011.