

**University of North Dakota  
Budget No. 230  
Senate Bill No. 2003**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2013-15 executive budget (bills as introduced)	642.20	\$243,616,414	\$67,487,262	\$311,103,676
<b>2013-15 legislative appropriations</b>	<b>633.60</b>	<b>230,556,333</b>	<b>96,487,262</b>	<b>327,043,595</b>
Legislative increase (decrease) to executive budget	(8.60)	(\$13,060,081)	\$29,000,000	\$15,939,919
Legislative increase (decrease) to 2011-13 appropriations	(8.60)	\$73,090,137	\$66,037,262	\$139,127,399

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2011-13 legislative appropriations	\$144,869,050	\$12,597,146	\$157,466,196
<b>2013-15 legislative appropriations</b>	<b>157,766,333</b>	<b>72,790,000</b>	<b>230,556,333</b>
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$12,897,283	\$60,192,854	\$73,090,137
Percentage increase (decrease) to 2011-13 appropriations	8.9%	477.8%	46.4%
2013-15 legislative increase (decrease) to executive budget	(\$5,550,081)	(\$7,510,000)	(\$13,060,081)
Percentage increase (decrease) to executive budget	(3.4%)	(9.4%)	(5.4%)

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

**Salaries and Wages**

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

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Removed funding included in the executive budget for institution inflation and initiative payments.		(\$18,447,364)		(\$18,447,364)
Provided institution inflation funding payments based on 5 percent annual inflation adjustments made to institutions' base budgets. Section 33 of Senate Bill No. 2003 requires the State Board of Higher Education to transfer a minimum of 25 percent of the inflation funding to the School of Medicine and Health Sciences.		14,687,048		14,687,048

Transferred internal audit and legal positions currently reporting to the University of North Dakota (UND) to the North Dakota University System office.	(8.60)	(1,789,765)	(1,789,765)
Added one-time funding for extraordinary repairs at the North Dakota Museum of Art.		190,000	190,000
Added one-time funding for the School of Medicine and Health Sciences Bismarck Family Practice Center skywalk project.		750,000	750,000
Reduced general fund support for the Law School project by 5 percent (see <b>Capital Projects</b> section below).		(600,000)	(600,000)
Reduced general fund support for the School of Medicine and Health Sciences facility project (see <b>School of Medicine and Health Sciences Facility</b> section below).		(7,850,000)	(7,850,000)
Added special funds authority and revenue bonding authorization for the Wilkerson Hall dining center renovation project.		\$29,000,000	29,000,000
Total	<u>(8.60)</u>	<u>(\$13,060,081)</u>	<u>\$29,000,000</u>
			<u>\$15,939,919</u>

#### FTE Changes

The Legislative Assembly included funding for 633.6 FTE positions, 8.6 positions less than the executive budget recommendation and 2011-13 biennium legislative appropriations. The Legislative Assembly transferred 8.6 FTE internal audit and legal positions currently reporting to UND to the University System office. Pursuant to Section 36 of Senate Bill No. 2003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE position adjustment must be reported to the Office of Management and Budget prior to submission of the 2015-17 budget request.

#### One-Time Funding

In Section 2 of Senate Bill No. 2003, the Legislative Assembly identified \$223,358,169 of funding from the general fund as one-time funding for the University System. Of this amount, \$72,790,000 is for one-time funding items at UND as follows:

	General Fund
School of Medicine and Health Sciences facility	\$60,450,000
Law School building renovation	11,400,000
Bismarck Family Practice Center skywalk project	750,000
North Dakota Museum of Art deferred maintenance	190,000
Total	\$72,790,000

These amounts are not to be considered part of the institution's base budget for the 2015-17 biennium, and the institution is to report to the Appropriations Committees of the 64<sup>th</sup> Legislative Assembly on the use of this funding.

#### Other Income Appropriation

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

### Capital Projects

Excluding the School of Medicine and Health Sciences facility project, the Legislative Assembly reduced general fund appropriations for University System capital projects included in the executive budget recommendation by 5 percent. The appropriation for the University System office includes \$5,483,413 from the general fund for a capital projects contingency pool that may be transferred to institutions if the lowest acceptable bid for a project exceeds the legislative appropriation for the project. Section 24 of Senate Bill No. 2003 provides guidelines for the use of funding from the capital projects contingency pool. Section 25 of Senate Bill No. 2003 provides that each capital project authorized by the State Board of Higher Education must have adequate project management oversight by either an institution official or a representative of an external entity.

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

	2013-15 Executive Budget Recommendation			2013-15 Legislative Appropriation		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
School of Medicine and Health Sciences facility	\$68,300,000		\$68,300,000	\$60,450,000 <sup>1</sup>		\$60,450,000
Law School building renovation	12,000,000		12,000,000	11,400,000		11,400,000
College of Business and Public Administration building renovation and addition (reauthorization from 2009-11 biennium)		\$20,500,000	20,500,000		\$20,500,000	20,500,000
Indoor track and football practice facility (reauthorization from 2009-11 biennium)		19,500,000	19,500,000		19,500,000	19,500,000
Purchase of resident apartment building that is currently leased (revenue bonds)		8,300,000	8,300,000		8,300,000	8,300,000
Student housing facility (revenue bonds)		19,187,262	19,187,262		19,187,262	19,187,262
Wilkerson Hall dining center project (revenue bonds)					29,000,000	29,000,000
Bismarck Family Practice Center skywalk project				750,000		750,000
Total	\$80,300,000	\$67,487,262	\$147,787,262	\$72,600,000	\$96,487,262	\$169,087,262

<sup>1</sup>Does not include \$62 million of loan authorization provided for the second phase of the School of Medicine and Health Sciences facility project.

### School of Medicine and Health Sciences Facility Project

Section 28 of Senate Bill No. 2003 authorizes the construction of the School of Medicine and Health Sciences facility project to be funded in two phases. The Legislative Assembly appropriated \$60,450,000 for the first phase of the project and authorized the State Board of Higher Education to obtain a loan of \$62 million from the Bank of North Dakota for the second phase of the project. The State Board of Higher Education is to seek funding from the 64<sup>th</sup> Legislative Assembly to repay any loan obtained for the second phase of the project. The executive budget recommendation provided total funding of \$68.3 million from the general fund for the project.

### Other Sections in Bill

**Research Enterprise and Commercialization building purchase authorization** - Section 33 authorizes UND to enter a purchase and financing agreement or agreements with a private entity to purchase the Research Enterprise and Commercialization building located on the campus.

**Bismarck Family Practice Center Skywalk project matching funds** - Section 27 requires UND to provide \$1 of nonstate funding for every \$1 of the general fund appropriation used for the Bismarck Family Practice Center skywalk project.

**School of Medicine and Health Sciences operating funds** - Section 33 requires the State Board of Higher Education to transfer a minimum of 25 percent of the inflation funding payment provided to UND for the 2013-15 biennium to the School of Medicine and Health Sciences for operating costs.

**Revenue bonding authorization** - Section 37 authorizes the State Board of Higher Education to issue revenue bonds for the Wilkerson Hall dining center project, the student housing facility project, and the purchase of a resident apartment building at UND.