

University of North Dakota
 Budget No. 230
 House Bill No. 1003 and Senate Bill No. 2297

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	2,132.17	\$150,279,869	\$960,409,279	\$1,110,689,148
2019-21 base budget	2,218.07	140,096,090	728,870,450	868,966,540
Legislative increase (decrease) to base budget	(85.90)	\$10,183,779	\$231,538,829	\$241,722,608

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$150,279,869	\$0	\$150,279,869
2017-19 legislative appropriations	140,096,090	9,763,665 ¹	149,859,755 ¹
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$10,183,779	(\$9,763,665)	\$420,114
Percentage increase (decrease) to 2017-19 appropriations	7.3%	(100.0%)	0.3%

¹The 2017-19 biennium general fund appropriations reflect a 2017-19 biennium supplemental appropriation of \$9 million made in Senate Bill No. 2297. See the **Capital Projects** section below for additional information.

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
 Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours.		\$3,544		\$3,544
Added funding through the higher education funding formula to provide for employee salary and health insurance premium rate increases.		7,386,853		7,386,853
Added funding relating to an increase in the higher education funding formula weighting factor for University of North Dakota (UND) School of Law credits.		2,793,382		2,793,382
Added special funds to provide funding for employee salary and health insurance premium rate increases.			\$15,376,224	15,376,224
Adjusted other funds due to changes in institution estimates.			(60,997)	(60,997)

Added one-time funding from Bank of North Dakota profits for campus network upgrades.		1,500,000	1,500,000
Added one-time funding from Bank of North Dakota profits and institution \$1-to-\$1 matching funds for Tier II of the capital building fund program.		8,723,602	8,723,602
Added one-time funding from appropriation bond proceeds (to be repaid from operations funding or other local funds) for deferred maintenance and parking projects.		30,000,000	30,000,000
Added one-time funding from revenue bond proceeds for the Memorial Union project.		80,000,000	80,000,000
Added one-time funding from grants, gifts, and donations for Phase 2 of the High Performance Center project.		35,000,000	35,000,000
Added one-time funding, including \$6 million from appropriation bond proceeds and \$55 million from local or other funds, for the Gamble Hall project. (Senate Bill No. 2297)		61,000,000	61,000,000
Adjusted FTE positions.	<u>(85.90)</u>		
Total	<u>(85.90)</u>	<u>\$10,183,779</u>	<u>\$231,538,829</u>
			<u>\$241,722,608</u>

NOTE: The 2019-21 legislative appropriations include certain funding formula adjustments for the UND School of Medicine and Health Sciences in the UND budget. Section 22 of House Bill No. 1003 authorizes UND to transfer funds to the UND School of Medicine and Health Sciences based on the recommendation of the Commissioner of Higher Education.

FTE Changes

The Legislative Assembly authorized 2,132.17 FTE positions for UND for the 2019-21 biennium, a decrease of 85.90 FTE positions from the number authorized by the 2017 Legislative Assembly. The 85.90 FTE positions were removed pursuant to Section 21 of Senate Bill No. 2003 (2017), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 24 of House Bill No. 1003 (2019) continues the authorization of the board to adjust positions at institutions under its control during the 2019-21 biennium.

One-Time Funding

The Legislative Assembly appropriated \$216,223,602 of one-time funding to UND for the 2019-21 biennium. The appropriation includes \$206,000,000 for capital projects (see **Capital Projects** section below for additional information), \$1,500,000 from Bank of North Dakota profits for campus network upgrades, and \$4,361,801 from Bank of North Dakota profits and \$4,361,801 from institution matching funds relating to the capital building fund program.

Capital Building Fund Program

The Legislative Assembly appropriated \$29 million for institution capital building funds for the 2019-21 biennium. The appropriation includes \$10 million from Bank of North Dakota profits and \$10 million from institution \$1-to-\$1 matching funds appropriated directly to each institution for Tier II of the capital building fund program. The appropriation also includes \$7 million from Bank of North Dakota profits and \$2 million from the general fund appropriated to the North Dakota University System office to be allocated to the institutions for Tier III of the capital building fund program once \$2 of matching funds have been secured for each \$1 from the state. Institutions may use their capital building funds for legislatively authorized capital projects and for extraordinary repairs and deferred maintenance projects which do not exceed \$700,000 and do not increase the square footage of a building.

Capital Projects

The Legislative Assembly provided a 2017-19 biennium supplemental appropriation of \$9 million from the general fund for the Gamble Hall project at UND. The Legislative Assembly also authorized the following capital projects at UND for the 2019-21 biennium:

	Other Funds	2017-19 General Fund Appropriation	Total
Deferred maintenance and parking projects (appropriation bonds to be repaid from operations funding and other local funds)	\$30,000,000	\$0	\$30,000,000
Memorial Union (revenue bonds)	80,000,000	0	80,000,000
High Performance Center Phase 2 (grants, gifts, and donations)	35,000,000	0	35,000,000
Gamble Hall (\$6 million from appropriation bonds and \$55 million from local or other funds)	61,000,000	9,000,000	70,000,000
Total	\$206,000,000	\$9,000,000	\$215,000,000

Other Sections in House Bill No. 1003

Capital projects - Budget Section approval - Section 7 allows for Budget Section approval of building projects that, net of removed buildings, do not result in additional square footage on campus.

Higher education challenge grants - Sections 8, 10, and 11 adjust the higher education challenge grant program statutory language and provides for the distribution of \$9.4 million of grant funds to eligible institutions.

UND School of Law challenge grants - Section 9 establishes statutory language for a UND School of Law challenge grant program and provides for the distribution of \$250,000 of grant funds for School of Law matching grants.

UND men's varsity golf - Section 13 provides statutory language relating to the potential sale of the Ray Richards Golf Course by UND.

Higher education funding formula - Sections 15 and 16 adjust the higher education funding formula established in North Dakota Century Code Chapter 15-18.2, including adjusting the credit weighting for medical school and law school credits and adjusting the base credit-hour funding rates.

Carryover authority - Section 18 continues the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium.

Additional funds appropriation authority - Section 20 appropriates any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 21 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity. Section 36 provides that this section is an emergency measure.

UND School of Medicine and Health Sciences funding - Section 22 provides that a portion of the operations funding appropriated to UND may be transferred to the UND School of Medicine and Health Sciences based on the recommendation of the Commissioner of Higher Education.

Transfer authority - Section 23 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets and capital building fund line items if the board determines that additional funds are needed for capital projects or extraordinary repairs. This section was amended by Section 25 of Senate Bill No. 2015 (2019) to provide authority to transfer funds from an institution's capital assets line item to the institution's operations line item after 75 percent of extraordinary repairs funding has been matched and used. Section 36 provides that this section is an emergency measure.

FTE positions - Section 24 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Extraordinary repairs matching funds - Section 25 requires institutions to match state extraordinary repairs funding on a \$2-to-\$1 basis using operations or other funding. Section 36 provides that this section is an emergency measure.

Sale of property - Section 26 provides authority for the sale of certain properties owned by UND. Section 36 provides that this section is an emergency measure.

Appropriation bond authorization - Section 27 authorized the Industrial Commission to arrange for \$30 million of appropriation bonds for deferred maintenance and parking projects at UND. The University of North Dakota is responsible for the repayment of the bonds from institution operations funding or other local funds. Section 36 provides that this section is an emergency measure.

Revenue bond authorization - Section 28 authorizes the State Board of Higher Education to arrange for \$120.1 million of revenue bonds for the Memorial Union project at UND (\$80 million), University Village Phase 2 at North Dakota State University (\$37.6 million), and the dining facility project at Dakota College at Bottineau (\$2.5 million). Section 36 provides that this section is an emergency measure.

Capital building funds - Sections 29, 30, and 31 provide for transfers from the Bank of North Dakota for the establishment of capital building funds at each institution, establish matching fund requirements, and authorize the use of capital building fund money for certain capital projects. Section 36 provides these sections are an emergency measure.

Campus network upgrades - Section 32 provides for transfers from the Bank of North Dakota of \$1.5 million each to UND and North Dakota State University for campus network upgrades.

Tuition rate increase limitation - Section 33 limits tuition rate increases for certain resident undergraduate tuition rates to 4 percent per year.

Competitive research study - Section 34 provides for a Legislative Management study of University System competitive research programs.

Related Legislation

House Bill No. 1002 - UND central legal research - Removes base level funding of \$40,000 from the general fund for the judicial branch for UND central legal research.

House Bill No. 1013 - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions, including an estimated 2019-21 distribution of \$4,504,000 to UND.

House Bill No. 1029 - Funding formula study - Provides for a Legislative Management Higher Education Funding Formula Review Committee.

Senate Bill No. 2015 - Institution extraordinary repairs - Allows the State Board of Higher Education to transfer appropriation authority from an institution's capital assets line item to its operations line item after the institution has matched and used 75 percent of the funding appropriated from the general fund in the capital assets line item for extraordinary repairs.

Senate Bill No. 2016 - National Guard tuition waivers - Increases the National Guard tuition waiver from 25 to 35 percent.

Senate Bill No. 2224 - Bioscience innovation - Provides \$700,000 for a bioscience innovation grant program.

Senate Bill No. 2249 - State energy research center - Establishes the state energy research center at the UND Energy and Environmental Research Center and provides for 1 percent of oil and gas taxes, up to \$5 million per biennium, to be deposited in the state energy research center fund.

Senate Bill No. 2297 - Higher education capital projects - Provides \$100 million of bonding authority and \$49.9 million of 2017-19 biennium general fund appropriations for various higher education capital projects.