

**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 appropriation	2,132.17	\$148,332,155 ¹	\$960,409,279	\$1,108,741,434
2017-19 legislative appropriation	<u>2,218.07</u>	<u>149,859,755²</u>	<u>819,870,450</u>	<u>969,730,205</u>
2019-21 appropriation increase (decrease) to 2017-19 appropriation	(85.90)	(\$1,527,600)	\$140,538,829	\$139,011,229

¹The 2019-21 biennium legislative appropriations have been adjusted to reflect a transfer of operations funding of \$1,947,714 from UND to the UND School of Medicine and Health Sciences as provided in Section 22 of House Bill No. 1003.

²This amount includes a supplemental appropriation of \$9 million provided in Senate Bill No. 2297 for the Gamble Hall project.

Item Description

Enrollment - At the end of the 2019 regular legislative session, the UND FTE student enrollment projection for the 2019-21 biennium was 11,006 for the fall 2019 semester and 11,585 for the fall 2020 semester.

Tuition collections - In the 2019-20 fiscal year budget approved by the State Board of Higher Education, tuition revenue for UND for the 2019-20 fiscal year was estimated to be \$126.5 million.

Higher education challenge matching grant program - In Section 1 of House Bill No. 1003, the Legislative Assembly appropriated \$9.4 million from the general fund to the University System office for the higher education challenge matching grant program. The University of North Dakota may be awarded up to \$1.7 million under the program.

School of Law challenge grants - In Section 9 of House Bill No. 1003, the Legislative Assembly established a UND School of Law challenge grant program and provided for the distribution of \$250,000 of grant funds for School of Law matching grants.

Extraordinary repairs - The Legislative Assembly, in House Bill No. 1003, appropriated \$4,411,566 from the general fund to UND for extraordinary repairs. The funding is considered Tier I of the new capital building fund program, but is included in the institution's capital assets line item. Pursuant to Senate Bill No. 2015 (2019), an institution may transfer funding from its capital assets line item to its operations line item after it has matched and committed 75 percent of the funding appropriated from the general fund for extraordinary repairs.

Capital building fund - In addition to appropriating funding for specific capital projects, the 2019 Legislative Assembly established a capital building fund program for the 2019-21 biennium. The Legislative Assembly

Status/Result

The actual fall 2019 semester FTE enrollment was 11,164, 158 more than projected and 421 less than the fall 2018 semester.

The current estimate for tuition collections for the 2019-20 fiscal year is \$123.5 million, approximately \$3 million less than projected.

Through May 4, 2020, the UND Alumni Association and Foundation has received \$1,665,173 in grant funding through the program.

Through May 4, 2020, the UND School of Law has received \$200,244 in grant funding through the program.

The University of North Dakota anticipates fully utilizing the \$4,411,566 appropriated from the general fund for extraordinary repairs and is identifying match funding as it becomes available. The institution intends to use the funding for various repairs, including sidewalks, roadways, waterlines, and building repairs.

The University of North Dakota has identified match funding for all of the \$4,361,801 appropriated in Tier II of the capital building fund program. The University of North Dakota also anticipates fully utilizing the \$2.25 million allocated

appropriated \$10 million from Bank of North Dakota profits as Tier II funding under the capital building fund program. The Tier II funding is appropriated directly to each institution and must be matched by the institutions with \$1 from operations or other sources for each \$1 from Bank profits. The Legislative Assembly appropriated \$9 million, including \$7 million from Bank profits and \$2 million from the general fund, as Tier III funding under the capital building fund program. The Tier III funding is appropriated to the University System office, to be allocated to the institutions as matching funds are committed and must be matched by the institutions with \$2 from operations or other sources for each \$1 appropriated as Tier III funding. After an institution has matched 75 percent of the funding appropriated from the general fund as Tier I for institution extraordinary repairs and subject to State Board of Higher Education approval, each institution may use money from Tier II and Tier III of its capital building fund for extraordinary repairs and deferred maintenance projects that do not exceed \$700,000 and do not increase the square footage of a building.

The University of North Dakota was appropriated \$4,361,801 from Bank profits in Tier II and was allocated \$2.25 million from Tier III under the capital building fund program.

Capital projects - The Legislative Assembly appropriated funding for the following capital projects at UND for the 2019-21 biennium:

	Other Funds	2017-19 General Fund Appropriation	Total
Deferred maintenance and parking projects	\$30,000,000	\$0	\$30,000,000
Memorial Union	80,000,000	0	80,000,000
High Performance Center Phase 2	35,000,000	0	35,000,000
Gamble Hall	61,000,000	9,000,000	70,000,000
Total	\$206,000,000	\$9,000,000	\$215,000,000

for the institution in Tier III of the program. The institution plans to request authority from the 2021 Legislative Assembly to use a portion of the funds from Tier II and Tier III of the capital building fund program for the Nistler College of Business and Public Administration building project (Gamble Hall replacement project).

The University of North Dakota received authority from the Legislative Assembly to issue \$30 million of bonds, for which the institution would be responsible for repayment, for deferred maintenance and parking projects. In April 2020, the State Board of Higher Education approved a resolution authorizing the bonding authority to issue \$10 million of bonds for various deferred maintenance projects for Carnegie Hall, the Chester Fritz Auditorium, the Chester Fritz Library, Gustafson Hall, the Hughes Fine Arts Center, the Hyslop Sports Center, Merrifield Hall, Montgomery Hall, and O'Kelly Hall. The University of North Dakota anticipates issuing the remaining \$20 million of bonds for various deferred maintenance projects for the Armory, Gershman Engagement Center, Gillette Hall, McCannel Hall, the North Dakota Museum of Art, and O'Kelly Hall in the future, but a timeline has not been determined.

The University of North Dakota received authority to issue \$80 million of revenue bonds, to be repaid from student fees, to construct a new Memorial Union building. Construction of the new Memorial Union has begun and is anticipated to be completed in July 2021.

The University of North Dakota was appropriated \$35 million from other funds for the High Performance Center Phase 2 project. Fundraising for the project is ongoing.

The University of North Dakota was appropriated \$70 million, including \$9 million from a supplemental 2017-19 biennium general fund appropriation, \$6 million from bonds, and \$55 million from other funds for the Gamble Hall replacement project. Fundraising for the project is ongoing and the institution anticipates beginning construction during the 2020-21 fiscal year.

Campus network upgrades - In Section 32 of House Bill No. 1003, the Legislative Assembly transferred \$1.5 million from Bank of North Dakota profits to UND for campus network upgrades.

Conveyance of property - In Section 26 of House Bill No. 1003, the Legislative Assembly authorized the State Board of Higher Education to sell certain real property in Grand Forks, including the Gallery Apartments and 1225 Stanford Road.

Ray Richards Golf Course - In Section 13 of House Bill No. 1003, the Legislative Assembly provided that if UND sells the Ray Richards Golf Course property, 53.57 percent of the sale price must be transferred to a permanent endowment fund named the Ray Richards golf endowment fund, which must be controlled and administered by the UND Alumni Association and Foundation for the sole benefit of the institution's men's varsity golf program.

The University of North Dakota is using the funding for network upgrades and anticipates spending the entire appropriation by the end of the 2019-21 biennium.

The University of North Dakota has accepted purchase agreements for the Gallery Apartments and 1225 Stanford Road and anticipates closing on the property sales in July 2020. The total sale price after real estate commissions is approximately \$4 million.

The University of North Dakota reported it currently has no intent to sell any part of the Ray Richards Golf Course property.