

Valley City State University
Budget No. 242
House Bill No. 1003 and Senate Bill No. 2297

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriation	180.68	\$22,658,933	\$56,592,092	\$79,251,025
2017-19 legislative appropriation	<u>202.75</u>	<u>22,516,098¹</u>	<u>50,970,657</u>	<u>73,486,755</u>
2019-21 appropriation increase (decrease) to 2017-19 appropriation	(22.07)	\$142,835	\$5,621,435	\$5,764,270

¹This amount includes a supplemental appropriation of \$2 million provided in Senate Bill No. 2297 for the Communications and Fine Arts Building project.

Item Description

Enrollment - At the end of the 2019 regular legislative session, the Valley City State University (VCSU) FTE student enrollment projection for the 2019-21 biennium was 1,105 for the fall 2019 semester and 1,115 for the fall 2020 semester.

Tuition collections - Valley City State University estimated net tuition revenue for the 2019-20 fiscal year to be \$6.8 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. Valley City State University may be awarded up to \$700,000 under the program.

Extraordinary repairs - The Legislative Assembly, in House Bill No. 1003, appropriated \$408,319 from the general fund to VCSU 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 used 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 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

Status/Result

The actual fall 2019 semester FTE enrollment was 1,164, 59 more than projected and 68 more than the fall 2018 semester.

Valley City State University implemented a 3 percent increase in tuition for the 2019-20 academic year and is planning a 4 percent increase in tuition for the 2020-21 academic year. The current estimate for net tuition collections for the 2019-20 fiscal year is \$7.2 million, approximately \$400,000 more than projected.

Through April 2020, the Valley City State University Foundation has received \$96,526 in grant funding through the program.

Though April 2020, VCSU has matched and committed all of the funding appropriated in Tier I and does not intend to transfer any Tier I funding to its operations line item.

Valley City State University has matched all of the funding appropriated in Tier II of the capital building fund program and intends to use the funding for various extraordinary repairs projects, including updates to McFarland Hall. Due to anticipated future budget reductions, the institution does not expect to use funding from Tier III of the capital building fund during the 2019-21 biennium.

\$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.

Valley City State University was appropriated \$309,137 from Bank of North Dakota profits in Tier II and was allocated \$500,000 from Tier III under the capital building fund program. The Legislative Assembly appropriated \$2,529,323 from the VCSU capital building fund or other funds for life safety projects.

Capital projects - In Senate Bill No. 2297, the Legislative Assembly appropriated \$30 million from appropriation bond proceeds for the Communications and Fine Arts Building project at VCSU. The bill also provided a 2017-19 biennium supplemental appropriation of \$2 million from the general fund to VCSU for the project.

In Senate Bill No. 2196 (2017), the Legislative Assembly appropriated \$22.5 million from revenue bond proceeds for an integrated carbon plant project at VCSU.

Valley City State University has completed design of the Communications and Fine Arts Building and intends to begin construction in June 2020.

Valley City State University is working with selected financial managers to market bonds to finance the integrated carbon plant project.