



Budget Basics

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NORTH DAKOTA UNIVERSITY SYSTEM

GENERAL INFORMATION

The North Dakota University System consists of 11 higher education institutions under the control of the State Board of Higher Education. Of the 11 institutions, 2 are doctoral-granting institutions, 4 are regional universities that offer master's and baccalaureate degrees, and 5 are colleges that offer associate and technical degrees. Bismarck State College has received authority to transition into a polytechnic institution that offers baccalaureate degrees in technical fields and Dickinson State University has received authority to transition into a dual-mission institution that offers associate degrees and certificates. The University System budget also includes funding for the University of North Dakota School of Medicine and Health Sciences and the North Dakota Forest Service. The North Dakota State University Extension Service and Agricultural Experiment Station receive separate appropriations from the University System and are controlled and administered by the State Board of Agricultural Research and Education and the president of North Dakota State University.

The University System is appropriated funding from the general fund and special funds. Special fund sources include tuition, fees, donations, grants, sales, and other revenues. The Legislative Assembly appropriates funding to the University System office, each of the 11 institutions, and the Forest Service. State funding for the University System office is used for bond payments for certain University System institution capital projects, research, systemwide information technology, student financial assistance programs, University System governance, and other systemwide grants and programs. State funding for the 11 institutions is primarily determined using a funding formula.

STUDENT FINANCIAL ASSISTANCE

Legislative appropriations for the 2019-21 biennium for student financial assistance programs are as follows:

Program	Description	Award Amount	2019-21 Biennium General Fund Appropriations
Student financial assistance grants	Needs-based grants awarded to students based on free application for federal student aid (FAFSA) information	Maximum grant of \$1,100 per semester	\$23,917,306
Scholars program	Scholarships awarded to the top-ranked high school graduates based on ACT Aspire scores	Full amount of tuition	\$1,807,115
Academic and career and technical education scholarship program	Scholarships awarded to resident students who achieve certain academic standards in high school	\$750 per semester	\$12,016,749
Native American scholarship program	Merit- or needs-based scholarships awarded to students who are enrolled members of a federally recognized Indian tribe	Up to \$2,000 per academic year	\$555,323
Professional student exchange program	Secures admission opportunities and reduces tuition costs for North Dakota students who enroll in veterinary medicine, dentistry, and optometry programs at certain out-of-state institutions	The amount of tuition reduced varies by program	\$3,699,342

ADJUSTED STUDENT CREDIT-HOUR FUNDING METHOD

The Legislative Assembly, through Senate Bill No. 2200 (2013), adopted a funding formula beginning with the 2013-15 biennium based on an adjusted student credit-hour calculation. The calculation involves multiplying a base amount per student credit-hour by an adjusted student credit-hour calculation for each institution.

The adjusted student credit-hour amount for an institution is determined as follows:

1. Completed student credit-hours are determined for each institution. A completed credit-hour is one for which a student met all institutional requirements and obtained a passing grade.
2. A weighted completed student credit-hour calculation is determined by multiplying each institution's completed student credit-hours by an instructional program classification factor. The factor amount for each program classification is based upon historical costs of instruction in each program.
3. The weighted completed student credit-hour amount for each institution is then adjusted for:
 - a. A credit completion factor which is based on total credits completed at an institution. Institutions that have a lower credit-hour output receive a greater weighting factor.
 - b. An institutional size factor based on the square footage of facilities at an institution. Institutions that have a large amount of infrastructure may receive an additional factor adjustment.
4. The adjusted student credit-hours are then multiplied by a base per credit amount which varies based on institution type. The doctoral-granting institutions receive \$60.87, the regional universities receive \$90.98, and the colleges receive \$97.06 per adjusted student credit-hour.

Under the adjusted student credit-hour funding method, funding for major capital projects is appropriated separately from the formula. In addition to appropriating funding for specific capital projects, the 2019 Legislative Assembly established a capital building fund program for the 2019-21 biennium.

CAPITAL BUILDING FUND PROGRAM

The Legislative Assembly established a capital building fund program for the 2019-21 biennium in Sections 29 and 30 of House Bill No. 1003 (2019), including one-time appropriations of \$17 million from Bank of North Dakota profits and \$2 million from the general fund which are to be matched by other institutional funds as follows:

	Tier II		Tier III	
	Bank of North Dakota Profits	Institution Match (\$1 to \$1)	General Fund and Bank of North Dakota Profits	Institution Match (\$2 to \$1)
Bismarck State College	\$425,693	\$425,693	\$500,000	\$1,000,000
Dakota College at Bottineau	106,064	106,064	500,000	1,000,000
Lake Region State College	177,375	177,375	500,000	1,000,000
State College of Science	500,695	500,695	500,000	1,000,000
Williston State College	137,947	137,947	500,000	1,000,000
Dickinson State University	268,862	268,862	500,000	1,000,000
Mayville State University	240,029	240,029	500,000	1,000,000
Minot State University	572,801	572,801	500,000	1,000,000
Valley City State University	309,137	309,137	500,000	1,000,000
North Dakota State University	2,899,596	2,899,596	2,250,000	4,500,000
University of North Dakota	4,361,801	4,361,801	2,250,000	4,500,000
Total	\$10,000,000	\$10,000,000	\$9,000,000	\$18,000,000

The funding in Tier II was appropriated directly to the institutions and the funding in Tier III was appropriated to the University System office with a directive to allocate the money as identified in the schedule above as matching funds are secured. An additional \$11.1 million from the general fund, which must be matched by each institution with \$2 from operations or other sources for each \$1 of extraordinary repairs funding used for a project, was appropriated in the capital assets line item of each institution for extraordinary repairs. This amount is from each institution's funding formula allocation and is considered Tier I of the capital building fund program.

SUMMARY OF THE 2019-21 BIENNIUM UNIVERSITY SYSTEM BUDGET

Legislative appropriations for the 2019-21 biennium for higher education institutions, Forest Service, and the University System office total \$2,999,878,919, of which \$660,517,805 is from the general fund. In addition, Section 20 of House Bill No. 1003 (2019) appropriates all funds received by the State Board of Higher Education and the institutions and entities under the board's control that the Legislative Assembly has not indicated the intent to reject.

The following is a summary of ongoing and one-time general fund appropriations for the University System since the 2007-09 biennium:

General Fund Appropriations			
Biennium	Ongoing Appropriations	One-Time Appropriations	Total
2007-09	\$443,654,169	\$28,382,068	\$472,036,237
2009-11	\$534,062,895	\$59,292,152	\$593,355,047
2011-13	\$606,525,437	\$51,313,102	\$657,838,539
2013-15	\$679,271,846	\$231,360,648	\$910,632,494
2015-17	\$681,876,059	\$155,973,153	\$837,849,212
2017-19	\$613,242,154	\$66,196,476 ¹	\$679,438,630
2019-21	\$648,667,805	\$11,850,000	\$660,517,805

¹The 2017-19 biennium one-time amount includes \$53.6 million of supplemental funding appropriated by the 2019 Legislative Assembly.

The next topic in the *Budget Basics* series will review the Department of Human Services budget.