

**University of North Dakota
Budget 230
House Bill No. 1003, Senate Bill No. 2030**

| | FTE Positions | General Fund | Other Funds | Total |
|---|----------------------|---------------------|--------------------|--------------------|
| 1999-2001 legislative appropriation | 916.69 | \$96,053,682 | \$339,866,702 | \$435,920,384 |
| 1997-99 legislative appropriation | <u>963.04</u> | <u>93,548,621</u> | <u>132,383,437</u> | <u>225,932,058</u> |
| 1999-2001 appropriation increase (decrease) to 1997-99 appropriation | (46.35) | \$2,505,061 | \$207,483,265 | \$209,988,326 |

NOTE: The 1999-2001 appropriation amounts include the following general fund allocations for the agency's share of the funding pools appropriated to the Office of Management and Budget (OMB) and the University System:

- Funding of \$99,346 of the \$1.4 million funding pool appropriated to OMB for assisting agencies in providing the \$35 per month minimum salary increases in July 1999 and July 2000.
- Funding of \$12,269,094 of the \$21,948,467 technology funding pool appropriated to the University System.
- Funding of \$977,435 of the \$2,630,992 critical salary funding pool appropriated to the University System to address additional salary increases beyond legislative appropriations for market and equity raises.
- Funding of \$883,116 of the \$4,290,128 equity and special needs funding pool appropriated to the University System to address equity funding issues and special academic program needs.

Item Description

Tuition revenue collections - The University of North Dakota (UND) 1999-2001 budget includes \$51,639,071 of tuition collections.

Student enrollments - The 1999-2001 biennium budget included a projected headcount enrollment of 11,321 students for the 1999-2000 and 2000-01 school years.

UND Barnes & Noble bookstore - The 1999 Legislative Assembly appropriated \$4.5 million from special funds for construction of a building on campus for use as a university bookstore and for retail businesses other than for the off-sale of alcoholic beverages. The board and the university may lease the building to other entities for use as a bookstore and to retail businesses other than for the sale of alcoholic beverages. Any funds received for the lease are appropriated for use in operating and maintaining the building and other institutional needs. Neither the board nor the university may use funds other than

Status/Result

The University of North Dakota estimates revenue from tuition for the 1999-2001 biennium at \$2.7 million more than originally projected. This surplus is based upon higher than anticipated enrollment figures for the first year of the biennium and the assumption that enrollment figures will remain constant for the second year of the biennium.

The comparative actual headcount enrollment was 12,006 students for the fall 1999 semester and 11,481 students for the spring 2000 semester. These figures include the actual 1999 summer session enrollment of 3,291 students, one-half of that figure added to the fall 1999 enrollment of 10,361 students and one-half added to the spring 2000 enrollment of 9,835.

The University of North Dakota has entered into a management agreement with Barnes & Noble as of January 1999. Under the agreement, Barnes & Noble will return a percentage of sales to UND, with a guaranteed minimum of \$707,000 per year. The university will receive 12 percent of gross sales up to \$10 million, 13 percent of gross sales between \$10 to \$13 million and 14 percent of gross sales over \$13 million. The scheduled completion date of the Barnes & Noble College Superstore is August 1, 2000. Approximately \$3.5 million of the funding for the project came from the combination of the sale of existing inventory to Barnes & Noble and money from a reserve fund

the revenue derived for the lease of the building for the operation and maintenance of the building.

UND winter sports facility - The 1999 Legislative Assembly authorized the State Board of Higher Education to negotiate the terms and enter into an agreement with the UND foundation or other entity for the lease of approximately 32 acres of land, which was originally gifted to the University of North Dakota, and may do all things necessary and proper to approve the terms of the lease, the plans and design, the title of the building and parking area, and to facilitate the construction with private sector dollars of a winter sports facility at UND, and to provide for its subsequent operation and management.

from bookstore profits. A line of credit has also been arranged with a local Grand Forks bank which will allow UND to borrow up to \$1 million, if needed, to be paid back with income from the management agreement over a projected seven-year period. The university projects that income from the management agreement will be adequate to repay the loan, pay for maintenance and operating costs of the building, and provide for other institutional needs.

The university has signed a lease with Arena Construction Incorporated, and construction has begun with a scheduled completion date of fall 2001. The lease agreement is for a period of up to 30 years or when a donor makes a contribution enabling the university to pay for the cost of construction of the arena. Under the lease agreement, Ralph Engelstad Arena Company will manage and operate the building with an as of yet undetermined amount of revenue from each event to be paid to the University of North Dakota.