

**North Dakota University System Office
Budget No. 215
House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriation	148.90	\$113,977,097 ¹	\$31,002,206	\$144,979,303
2017-19 legislative appropriation	<u>149.40</u>	<u>106,609,530²</u>	<u>26,412,106</u>	<u>133,021,636</u>
2019-21 appropriation increase (decrease) to 2017-19 appropriation	(0.50)	\$7,367,567	\$4,590,100	\$11,957,667

¹This amount includes \$11.65 million of one-time funding appropriated in House Bill No. 1003, including \$9.65 million for higher education challenge grants and \$2 million for the capital building fund program.

²This amount includes a supplemental appropriation of \$2.7 million provided in House Bill No. 1003 for campus workforce initiative projects.

Item Description

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 grant funds are to be distributed to eligible institution foundations to match private donations for efforts to enhance academics at institutions. For each \$2 of private donations received by a foundation, \$1 of matching funds is available through the grant program. In Section 9 of House Bill No. 1003, the Legislative Assembly established a University of North Dakota (UND) School of Law challenge grant program and provided for the distribution of an additional \$250,000 of grant funds for School of Law matching grants.

Career and technical education and academic scholarship programs - The Legislative Assembly appropriated \$12,016,749 from the general fund for career and technical education and academic scholarships, the same amount as the 2017-19 biennium for the scholarships. Any student that meets the requirements for a career and technical education scholarship or an academic scholarship is to receive a scholarship of \$750 per semester, or \$500 per quarter, for each period the student is enrolled at a North Dakota higher education institution and maintains eligibility up to a maximum of \$6,000.

Status/Result

Through May 4, 2020, a total of \$5,968,240 of challenge grants have been awarded to institution foundations as follows:

Institution Foundation	Total Grant Awards (Through April 2020)
Bismarck State College	\$483,643
Lake Region State College	126,216
Williston State College	0
UND	1,665,174
UND School of Law	200,244
North Dakota State University	1,700,000
North Dakota State College of Science	254,500
Dickinson State University	695,000
Mayville State University	174,640
Minot State University	572,297
Valley City State University	96,526
Dakota College at Bottineau	0
Total	\$5,968,240

A total of 5,025 students received a career and technical education or an academic scholarship during the fall 2019 semester. The following schedule details the types of North Dakota institutions attended by students receiving a scholarship during the fall 2019 semester:

	Type of Institution Attended by Scholarship Recipients (Fall 2019 Semester)				
	2-Year Public or Tribal Institution	4-Year Public Institution	Public Research Institution	Private Institution	Total
Academic scholarship recipients	171	296	2,142	319	2,928
Career and technical education scholarship recipients	490	429	977	201	2,097
Total	661	725	3,119	520	5,025

Tuition rate increase limit - In Section 33 of House Bill No. 1003, the Legislative Assembly limited resident undergraduate tuition rate increases to 4 percent per year during the 2019-21 biennium. There is no limit for graduate programs, higher cost programs, or for nonresident tuition rates.

Extraordinary repairs - The Legislative Assembly, in House Bill No. 1003, appropriated \$11,117,046 from the general fund to the individual institutions, excluding the Forest Service, for extraordinary repairs. In Section 25 of the bill, the Legislative Assembly provided that institutions must provide \$2 of matching funds from operations or other sources for each \$1 of extraordinary repairs funding used for a project. The funding is considered Tier I of the new capital building fund program, but it 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 program - 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 \$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.

Campus workforce initiatives - The Legislative Assembly, in Section 5 of House Bill No. 1003, provided a 2017-19 biennium supplemental appropriation of \$2.7 million from the general fund to the State Board of Higher Education for campus workforce initiative projects, including \$1 million for the Bismarck State College (BSC) polytechnic transition, \$1 million for the Dickinson State University (DSU) dual-mission transition, and \$700,000 for Williston State College (WSC) campus operations.

University System institutions limited general resident undergraduate tuition rate increases to 4 percent for the 2019-20 academic year.

The University System office is monitoring institutional expenditures for extraordinary repairs to ensure the matching requirement is met.

Through April 2020, the University System office has not received any requests for Tier III capital building fund money from a campus. The University System office anticipates reporting to the interim Higher Education Committee regarding the capital building fund program in the summer of 2020.

The University System has allocated the funds to BSC, DSU, and WSC.

Bismarck State College is prioritizing the use of the \$1 million to expand academic programming that supports the workforce needs of the region as identified by the Workforce Development Council. Bismarck State College estimates it will use \$184,000 for research and \$436,000 to build additional bachelor of applied science degree programs that support the state's strategic growth areas, including manufacturing, health care, finance, and agriculture. Additional funding of \$200,000 will be used to enhance and expand the institution's existing 4-year degrees in energy and cybersecurity by incorporating virtual reality

simulations. The final \$180,000 will be used for teaching and learning services as well as student success initiatives targeted toward working adults and students enrolled in distance education.

Dickinson State University is using the transition funding to start new programs, including certified nursing assistant training, criminal justice, a masters of entrepreneurship, and communication workshops. The institution has also collaborated with BSC to implement a welding program on the DSU campus. The institution is considering offering commercial driver's license (CDL) training, police academy, and other training sessions for the region. Budget constraints have led to the elimination of certain programs, including bachelor's degrees in Spanish, English, mathematics, and art.

Williston State College is using the additional campus operations funding to increase the size of its welding, CDL, and nursing programs.