
AGENCY OVERVIEW**235 North Dakota State University****Date:** 12/23/2014**Time:** 12:15:39

Statutory Authority

ND Constitution Section 215, North Dakota Century Code Chapter 15-12.

Agency Description

North Dakota State University (NDSU) has become the first and remains the only North Dakota university ranked in the top tier of the Carnegie Commission on Higher Education and the ranks of the National Science Foundation's top 100 research universities (39th of those without a medical school), with over \$150.0 million in annual scholarly research activity reported for the most recent national survey. Those rankings have opened up a steady progression of new partnerships and funding opportunities with other leading universities, private entities and federal agencies, never before possible for a North Dakota university.

NDSU is proud of its tradition as the state's student focused, land-grant, research institution. It embraces that responsibility as a cornerstone of its future productivity, and the contributions it can increasingly provide to North Dakota and the state's residents, as well as the nation's current and future interests.

The University hosts a large and diverse student profile and is home for the largest full-time, on campus enrollment in the states's university system. Located in a vibrant and growing area of the state, and with a growing number of major corporate partners, NDSU has shared a responsibility for creation of an environment that compliments and blends the experiences of its students, faculty and staff with the community in which they live while attending the university.

Agency Mission Statement

With energy and momentum, North Dakota State University addresses the needs and aspirations of people in a changing world by building on our land-grant foundation.

Agency Performance Measures

NDUS has published annual accountability measures reports, in response to the "flexibility with accountability" expectations of SB 2003 passed by the 2001 Legislative Assembly. Organized according to the five cornerstones of the Roundtable Report, which served as the basis for the Board's previous strategic plan, the report has evolved from a written annual report to an online report. A wrap-up report is being compiled in anticipation of the launch of the Board's 2015-2020 strategic plan. Future reporting on the new strategic plan and accountability is expected to not only be online but also in a contemporary, interactive format. The information may include information on graduation and retention rates, enrollment, peer comparisons, financial aid and tuition, degrees awarded and composite financial index information for the 11 campuses, although final measures have not yet been determined.

Major Accomplishments

1. Ranked as the top and only ND research university in the nation based on both the Carnegie Commission on Higher Education and the National Science Foundation. Classified by the Carnegie Commission on Higher Education as "Research University/Very High Research Activity".
2. Received \$6.4 million in equalization funding from the new higher education funding formula which 100 percent was used to support Academic Affairs.
3. Initiated construction for a new state funded STEM Classroom building to meet student demand in the science, technology, engineering and math disciplines.
4. Continued demand by prospective undergraduate and graduate students, has been reflected in new full time student enrollment records every year for the past decade, with the fall of 2013 enrollment over 14,600 students.
5. Continued diversity of the NDSU student body, including in the fall of 2013, 1,101 international students representing 87 countries, and an increasing number of U.S. born students reflecting ethnic, cultural and geographical diversity.
6. Achieved a record 89 percent success for student job placement in their major field of study.
7. Initiated and continued efforts for student success through improved sense of welcome and support; retention and graduation rates; focus on students from historically under-represented populations, veterans, and others; and addressed high risk behaviors and other student issues.
8. Completed construction of a major indoor track facility, initiated a renovation of the Sanford Health Athletic Complex.
9. Expanded academic collaborations include development of undergraduate and graduate programs with Minot State and NDSCS.
10. Provided system wide support of academic support functions in IT-based data storage, academic computing (NDSU is the SBHE recognized supercomputing facility for the state), communication, emergency response and support technologies that provide the backbone of many NDUS institutions and the support of their collective academic communities.

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11. Continued involvement with the Research and Technology Park and emerging technology firms that have created several thousand new jobs, including employment of over 100 NDSU undergraduate and graduate students.
12. Solidified NDSU as one of the most successful overall NCAA Division-I athletic programs in the nation. NDSU recorded league championships in nine sports, the most recorded in a single year in the storied history of NDSU athletics.

Future Critical Issues

NDSU's productivity and national visibility combined with the attractiveness of the surrounding community and the state's current economic strength have led to over a decade of increases in demand by both undergraduate and graduate students, scholars and entrepreneurs eager to bring their research and business ideas to an environment that supports their success. Our future strategic focus will be toward science, engineering, technology, public health and agricultural fields represented by the STEM disciplines. In order to meet the continued demand, NDSU's future critical issues are:

- Provide resources to support faculty and staffing of academic areas and support functions while meeting the needs of student demand. Maintaining reasonable faculty to student ratios, has required an increasing utilization of non-tenured, part-time, and other staffing options.
- Provide up to date classroom facilities equipped to meet the educational, technological and physical needs of our students.
- Maintenance of campus facilities which are increasingly falling behind on even minimal levels of maintenance and renovation as confirmed in the recently completed review of university system facilities by VFA and Paulien & Associates, Inc.
- Continue to provide and maintain a safe and secure environment for students, faculty and staff.

NDSU understands its responsibility to evaluate and purposefully consider opportunities for collaboration and to find efficiencies across its academic programs and all other activities. Over the past three years we have undergone a comprehensive strategic planning process to evaluate those areas in which it is best positioned to lead, support, collaborate or contribute to the success of its constituencies. Additionally, NDSU has also identified those areas in which it is not best positioned or cannot efficiently lead with excellence in addressing demands of the state and nation, and must support collaboration with or redirection of state necessities to NDUS institutions better positioned to meet such demands.

At the same time, the University has also pursued a number of initiatives ranging from curriculum reviews, and restructuring of tuition, fees and course load expectations to purposeful collaboration with other state post-secondary institutions. Just a few current examples of such collaboration include development of undergraduate and graduate programs with Minot State (social work and human development), and NDSCS (the "Pathways" program, and the establishment of a two-year liberal arts preparatory program in the Fargo area).

REQUEST SUMMARY235 North Dakota State University
Biennium: 2015-2017

Bill#: HB1003

Date: 12/23/2014

Time: 12:15:39

| Description | Expenditures 2011-2013 Biennium | Present Budget 2013-2015 | Budget Request Change | Requested Budget 2015-2017 Biennium | Optional Budget Request |
|----------------------------------------|---------------------------------------|--------------------------------|-----------------------------|-------------------------------------------|-------------------------------|
| By Major Program | | | | | |
| North Dakota State University | 168,056,552 | 247,096,407 | 45,284,958 | 292,381,365 | 1,732,589 |
| Total Major Program | 168,056,552 | 247,096,407 | 45,284,958 | 292,381,365 | 1,732,589 |
| By Line Item | | | | | |
| Operating Expenses | 140,145,495 | 139,591,540 | 18,908,662 | 158,500,202 | 1,325,500 |
| Capital Assets | 2,613,583 | 35,330,656 | 81,622,732 | 116,953,388 | 407,089 |
| Capital Assets Carryover | 6,419,048 | 1,918,518 | (1,918,518) | 0 | 0 |
| Capital Projects - Non-State | 9,875,842 | 14,413,460 | 2,514,315 | 16,927,775 | 0 |
| Capital Projects Carryover - Non-State | 9,002,584 | 55,842,233 | (55,842,233) | 0 | 0 |
| Total Line Items | 168,056,552 | 247,096,407 | 45,284,958 | 292,381,365 | 1,732,589 |
| By Funding Source | | | | | |
| General Fund | 149,178,126 | 176,840,714 | 98,612,876 | 275,453,590 | 1,732,589 |
| Federal Funds | | 4,270,000 | (4,270,000) | 0 | 0 |
| Special Funds | 18,878,426 | 65,985,693 | (49,057,918) | 16,927,775 | 0 |
| Total Funding Source | 168,056,552 | 247,096,407 | 45,284,958 | 292,381,365 | 1,732,589 |
| Total FTE | 495.21 | 537.10 | 0.00 | 537.10 | 1.00 |

REQUEST DETAIL235 North Dakota State University
Biennium: 2015-2017

Bill#: HB1003

Date: 12/23/2014

Time: 12:15:39

| Description | Expenditures 2011-2013 Biennium | Present Budget 2013-2015 | Budget Request Change | Requested Budget 2015-2017 Biennium | Optional Budget Request |
|-------------------------------------|---------------------------------------|--------------------------------|-----------------------------|-------------------------------------------|-------------------------------|
| Operating Expenses | | | | | |
| Operating Fees and Services | 140,145,495 | 139,591,540 | 18,908,662 | 158,500,202 | 1,325,500 |
| Total | 140,145,495 | 139,591,540 | 18,908,662 | 158,500,202 | 1,325,500 |
| Operating Expenses | | | | | |
| General Fund | 140,145,495 | 139,591,540 | 18,908,662 | 158,500,202 | 1,325,500 |
| Federal Funds | 0 | 0 | 0 | 0 | 0 |
| Special Funds | 0 | 0 | 0 | 0 | 0 |
| Total | 140,145,495 | 139,591,540 | 18,908,662 | 158,500,202 | 1,325,500 |
| Capital Assets | | | | | |
| Land and Buildings | 2,613,583 | 30,117,709 | 75,682,291 | 105,800,000 | 0 |
| Other Capital Payments | 0 | 0 | 0 | 0 | 407,089 |
| Extraordinary Repairs | 0 | 5,212,947 | 5,940,441 | 11,153,388 | 0 |
| Total | 2,613,583 | 35,330,656 | 81,622,732 | 116,953,388 | 407,089 |
| Capital Assets | | | | | |
| General Fund | 2,613,583 | 35,330,656 | 81,622,732 | 116,953,388 | 407,089 |
| Federal Funds | 0 | 0 | 0 | 0 | 0 |
| Special Funds | 0 | 0 | 0 | 0 | 0 |
| Total | 2,613,583 | 35,330,656 | 81,622,732 | 116,953,388 | 407,089 |
| Capital Assets Carryover | | | | | |
| Land and Buildings | 6,419,048 | 1,918,518 | (1,918,518) | 0 | 0 |
| Total | 6,419,048 | 1,918,518 | (1,918,518) | 0 | 0 |
| Capital Assets Carryover | | | | | |
| General Fund | 6,419,048 | 1,918,518 | (1,918,518) | 0 | 0 |
| Federal Funds | 0 | 0 | 0 | 0 | 0 |
| Special Funds | 0 | 0 | 0 | 0 | 0 |
| Total | 6,419,048 | 1,918,518 | (1,918,518) | 0 | 0 |
| Capital Projects - Non-State | | | | | |
| Land and Buildings | 9,875,842 | 14,413,460 | 2,514,315 | 16,927,775 | 0 |
| Total | 9,875,842 | 14,413,460 | 2,514,315 | 16,927,775 | 0 |
| Capital Projects - Non-State | | | | | |
| General Fund | 0 | 0 | 0 | 0 | 0 |
| Federal Funds | 0 | 4,270,000 | (4,270,000) | 0 | 0 |

REQUEST DETAIL235 North Dakota State University
Biennium: 2015-2017

Bill#: HB1003

Date: 12/23/2014

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| Description | Expenditures 2011-2013 Biennium | Present Budget 2013-2015 | Budget Request Change | Requested Budget 2015-2017 Biennium | Optional Budget Request |
|-----------------------------------------------|---------------------------------------|--------------------------------|-----------------------------|-------------------------------------------|-------------------------------|
| Special Funds | 9,875,842 | 10,143,460 | 6,784,315 | 16,927,775 | 0 |
| Total | 9,875,842 | 14,413,460 | 2,514,315 | 16,927,775 | 0 |
| Capital Projects Carryover - Non-State | | | | | |
| Land and Buildings | 9,002,584 | 55,842,233 | (55,842,233) | 0 | 0 |
| Total | 9,002,584 | 55,842,233 | (55,842,233) | 0 | 0 |
| Capital Projects Carryover - Non-State | | | | | |
| General Fund | 0 | 0 | 0 | 0 | 0 |
| Federal Funds | 0 | 0 | 0 | 0 | 0 |
| Special Funds | 9,002,584 | 55,842,233 | (55,842,233) | 0 | 0 |
| Total | 9,002,584 | 55,842,233 | (55,842,233) | 0 | 0 |
| Funding Sources | | | | | |
| General Fund | 149,178,126 | 176,840,714 | 98,612,876 | 275,453,590 | 1,732,589 |
| Federal Funds | | 4,270,000 | (4,270,000) | 0 | 0 |
| Special Funds | 18,878,426 | 65,985,693 | (49,057,918) | 16,927,775 | 0 |
| Total Funding Sources | 168,056,552 | 247,096,407 | 45,284,958 | 292,381,365 | 1,732,589 |

CHANGE PACKAGE SUMMARY

235 North Dakota State University
Biennium: 2015-2017

Bill#: HB1003

Date: 12/23/2014

Time: 12:15:39

| Description | Priority | FTE | General Fund | Federal Funds | Special Funds | Total Funds |
|--------------------------------------------------------|----------|-------------|-------------------|--------------------|---------------------|---------------------|
| Base Budget Changes | | | | | | |
| One Time Budget Changes | | | | | | |
| A-B 1 Major Capital Projects | | 0.00 | 105,800,000 | 0 | 16,927,775 | 122,727,775 |
| A-E 1 Remove 2013-15 Capital Projects | | 0.00 | (28,120,000) | 0 | (4,022,817) | (32,142,817) |
| A-E 2 Remove Capital Projects Contingency Pool | | 0.00 | (1,247,709) | 0 | 0 | (1,247,709) |
| A-E 3 Remove Deferred Maintenance Pool | | 0.00 | (2,480,703) | 0 | 0 | (2,480,703) |
| Total One Time Budget Changes | | 0.00 | 73,951,588 | 0 | 12,904,958 | 86,856,546 |
| Ongoing Budget Changes | | | | | | |
| A-A 1 CTC, Operating Inflation and Utilities Increases | | 0.00 | 6,805,980 | 0 | 0 | 6,805,980 |
| A-A 2 Governors Funding Model Increase | | 0.00 | 11,352,682 | 0 | 0 | 11,352,682 |
| A-A 20 2013-15 Adjusted FTE | | 537.10 | 0 | 0 | 0 | 0 |
| A-A 6 Base Plus Incr for Extraordinary Repairs | | 0.00 | 11,153,388 | 0 | 0 | 11,153,388 |
| A-F 1 Remove 2011-13 Capital Assets Carryover | | 0.00 | (1,918,518) | 0 | (55,842,233) | (57,760,751) |
| A-F 2 Remove Base Funding Extraordinary Repairs | | 0.00 | (2,732,244) | 0 | 0 | (2,732,244) |
| A-F 3 Remove Additional Capital Projects Authority | | 0.00 | 0 | (4,270,000) | (6,120,643) | (10,390,643) |
| Base Payroll Change | | (537.10) | 0 | 0 | 0 | 0 |
| Total Ongoing Budget Changes | | 0.00 | 24,661,288 | (4,270,000) | (61,962,876) | (41,571,588) |
| Total Base Budget Changes | | 0.00 | 98,612,876 | (4,270,000) | (49,057,918) | 45,284,958 |
| Optional Budget Changes | | | | | | |
| One Time Optional Changes | | | | | | |
| A-D 1 Campus Security One-time | 1 | 0.00 | 1,120,000 | 0 | 0 | 1,120,000 |
| A-D 5 Special Assessments | 2 | 0.00 | 407,089 | 0 | 0 | 407,089 |
| Total One Time Optional Changes | | 0.00 | 1,527,089 | 0 | 0 | 1,527,089 |
| Ongoing Optional Changes | | | | | | |
| A-C 1 Security and Emergency Preparedness | 1 | 1.00 | 205,500 | 0 | 0 | 205,500 |
| Total Ongoing Optional Changes | | 1.00 | 205,500 | 0 | 0 | 205,500 |
| Total Optional Budget Changes | | 1.00 | 1,732,589 | 0 | 0 | 1,732,589 |

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|------------------------|-----------------------|---------------------|------------------|
| Change Group: A | Change Type: A | Change No: 6 | Priority: |
|------------------------|-----------------------|---------------------|------------------|

Base Plus Incr for Extraordinary Repairs

Currently, the campuses and Forest Service receive \$11,162,008 in base funding for extraordinary repairs, which is equivalent to an overall average of 12.7% of the OMB building and infrastructure formulas. In the IBARS process, we are required to remove base funding for extraordinary repairs (see change code **AF2**). The 2015-17 NDUS budget request includes a total increase of \$32,860,444 to provide increased base funding for facilities and infrastructure repairs and maintenance, equivalent to 50% of OMB building and infrastructure formulas. The AA6 budget change code includes restoring the base amount removed in change code AF2, as well as the requested increase to reach 50% of OMB formula. **NDSU's portion of the request is \$11,153,388. Base funding currently received in 2013-15 is \$2,732,244, and the requested increase in base funding for extraordinary repairs for 2015-17 is \$8,421,144.**

A prioritized listing of extraordinary repair projects is included in the extraordinary repairs subschedule (because of IBAR's requirement to do so), however these priorities can very easily change, due to unforeseen circumstances and emergencies. The priority listing is only a best estimate at this time. The actual use of these dollars will be left to the discretion of the institutions (with appropriate approvals by the SBHE where required). All NDUS entities will be given the authority to allocate dollars to repair and replacement priorities for regular repair and replacement projects as determined by each entity.

The following repair categories have been identified for NDSU's \$11,153,388 request:

- Building Exterior: \$2,600,000
- Mechanical and Electrical Upgrads: \$5,503,388
- Interior Finishes: \$1,700,000
- Structural repairs: \$250,000
- Paving and Area Lighting: \$100,000
- Utilities and Infrastructure: \$1,000,000

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|------------------------|-----------------------|----------------------|------------------|
| Change Group: A | Change Type: A | Change No: 20 | Priority: |
|------------------------|-----------------------|----------------------|------------------|

2013-15 Adjusted FTE

Per SB2003 (Section 36), "the state board of higher education may adjust full-time equivalent positions as needed, subject to the availability of funds, for institutions and entities under its control during the biennium beginning July 1, 2013, and ending June 30, 2015. The North Dakota university system shall report any adjustments to the office of management and budget before the submission of the 2015-17 biennium budget request." A report was run as of 4-30-2014 to determine the total estimated "appropriated fte" as of that date. Consistent with the methodology used in previous biennia, the current year's annual budgets were used to estimate the amount supported by general fund only, based on the percentage of budgeted general fund revenue to total appropriated revenue.

The increase in FTE is primarily due to the \$6.4M of equalization funding allocated to NDSU during the 2013-15 biennium, 100% of the equalization amount received was used to provide additional operating or funding for positions in Academic Affairs.

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| Change Group: A | Change Type: B | Change No: 1 | Priority: |
|------------------------|-----------------------|---------------------|------------------|

Major Capital Projects

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|------------------------|-----------------------|---------------------|--------------------|
| Change Group: A | Change Type: C | Change No: 1 | Priority: 1 |
|------------------------|-----------------------|---------------------|--------------------|

Security and Emergency Preparedness

BUDGET CHANGES NARRATIVE

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Campus security (24x7 coverage) - Included in the 2013-15 biennial budget request were amounts to fund three eight-hour shifts to achieve 24x7 coverage at all campuses except UND and NDSU, who indicated they provided limited 24x7 coverage at the time. Three campuses (WSC, DSU and MiSU) received most of the funding that was requested for 24x7 coverage in 2013-15, but the remaining 6 campuses each received \$100,000 (substantially less than what was requested). **The 2015-17 budget request includes \$2,411,750 to achieve 24x7 coverage at the remaining campuses: [BSC (3Fte) - \$505,500; LRSC (3Fte) - \$405,500; NDSCS (1.5Fte) - \$252,750; MaSU (3Fte) - \$405,500; VCSU (3Fte) - \$505,500 and DCB (2Fte) - \$337,000].**

Several factors influence number of security staff: 1.) Student population; 2.) Age and gender profile; 3.) Location of institution; 4.) Number of buildings both on and off campus; 5.) Extent of on-campus housing; 6.) Days/times of classes; 7.) Campus size; 8.) Institutional and public expectations.

Emergency management – Item 8 of SBHE Policy 906 (Emergency Preparedness and Management; Continuity of Operations; Security) states, “The chancellor and institution presidents shall, subject to funding and staffing constraints, develop and implement plans under which the system and institutions substantially shall comply with these Policy 906 requirements by July 1, 2014.” **The 2015-17 budget request includes a total of \$2,157,750 for a full-time emergency manager at all campuses (\$205,500 each), except DCB whose request is for a one-half time emergency manager (\$102,750).**

These positions are needed to develop and implement the plan required under Policy 906 to facilitate appropriate emergency preparedness planning on each campus, which must be tailored to each individual campus and local and regional law enforcement and emergency services. These plans are intended to provide the framework to address the immediate requirements for a major disaster or emergency in which normal operations are interrupted and special measures must be taken to: 1.) protect the lives of students, employees and the public; 2.) provide essential services and operations; 3.) manage immediate communications and information regarding emergency operations; 4.) manage university resources effectively in emergency operations; 5.) provide and analyze information to support decision-making. Emergency response is based on the Incident Command System (ICS), the management structure adopted throughout the United States and internationally, and a requirement of the State of ND and various US Department of Homeland Security Presidential Decision Directives and National Incident Management System (NIMS) guidance. The State of ND Division of Emergency Management (DEM) has indicated their interest in having a single point of contact and coordination within the NDUS for emergency response; however, no resources exist for this purpose.

Total security and emergency preparedness request for NDSU is \$205,500

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| Change Group: A | Change Type: D | Change No: 1 | Priority: 1 |
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Campus Security One-time

NDSU is requesting one-time funds for campus security totaling **\$1,120,000**. **Funding of this one-time request will provide for Security cameras/surveillance equipment \$520,000 and Keyless card entry/locking systems \$600,000.**

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| Change Group: A | Change Type: D | Change No: 5 | Priority: 2 |
|------------------------|-----------------------|---------------------|--------------------|

Special Assessments

Campuses must currently fund special assessment payments from their extraordinary repairs funding for city improvements to adjacent property, further reducing the amount left for on-campus improvements. This one-time request, totaling **\$1,259,684**, is the estimated amount needed for the 15-17 installment payments. The amounts, by campus, are: **BSC-\$491,800; WSC-\$45,000; UND-\$68,815; NDSU-\$407,089; NDSCS-\$98,794; MaSU-\$74,876; VCSU-\$65,555; DCB-\$7,755.**

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|------------------------|-----------------------|---------------------|------------------|
| Change Group: A | Change Type: E | Change No: 1 | Priority: |
|------------------------|-----------------------|---------------------|------------------|

Remove 2013-15 Capital Projects

BUDGET CHANGES NARRATIVE

235 North Dakota State University

Bill#: HB1003

Date: 12/23/2014

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To remove \$ 32,142,817 funding authorized for capital projects for the 2013-15 biennium per SB2003-Section 2, (\$28,120,000 GF, \$0 RB, \$3,362,817 OF, \$660,000 FF). Additional other fund authority, authorized by the Budget Section, is adjusted in change code **AF3**. Campuses will report on the status of the individual projects to the appropriations committees of the sixty-third legislative assembly, as required.

NDSU Capital Projects:

GF: \$28,120,000 STEM Classroom/Laboratory Building

OF: \$3,362,817

- Low Rise Renovation-Ph I \$880,996
- Low Rise Renovation-Ph II \$1,030,000
- Memorial Union Food Court \$701,821
- Nutrition, Dietetics and Hospitality Lab \$750,000

FF: \$660,000 Center for Computationally Assisted Science and Technology Building Upgrades

| | | | |
|------------------------|-----------------------|---------------------|------------------|
| Change Group: A | Change Type: E | Change No: 2 | Priority: |
|------------------------|-----------------------|---------------------|------------------|

Remove Capital Projects Contingency Pool

To remove **NDSU-\$1,247,709 (\$5,483,413 total for the system)** for the capital projects contingency pool per SB2003-Section 2.

SB2003-Section 24 provided the following legislative intent: "The capital projects contingency pool line item contained in subdivision 1 of section 1 of this Act includes funding that may be transferred to institutions for capital projects as provided under this section. The state board of higher education may transfer funds from the capital projects contingency pool to an institution if the lowest acceptable bid received for a capital project exceeds the legislative appropriation provided for this project. The board shall provide a prorated amount to institutions from the pool if the amount of funding required for eligible projects exceeds available funding. An institution may only receive funding from the pool for capital projects that receive a general fund appropriation and are authorized under this Act. For purposes of this section, the "legislative appropriation provided for a project" does not include funds appropriated from private donations and other local funds to enhance a project. During the 2013-14 interim, the state board of higher education shall provide periodic reports to the budget section regarding funds distributed from the capital projects contingency pool."

The pool funding is the result of a legislatively imposed five percent reduction (except at SMHS where Phase I was reduced by 2.5%) to each approved 13-15 state funded capital project. Ninety-five percent of the project was funded in each individual campus capital asset line item, with the remaining five percent pooled for SBHE allocation. The intent was to encourage a diligent effort in developing, reviewing and awarding capital projects to meet necessary programmatic needs while limiting total cost, to the greatest extent possible. After pooling the five percent, the legislature then reduced the total amount of the pool by \$1 million. Due to the \$1 million reduction, the amount in the pool is closer to 4.45% (2.17% SMHS) on a project-by-project basis.

The best case scenario would be for the SBHE to have all projects (design and related firm costs) in hand at the same time in order to fairly evaluate and distribute these pooled funds. However, that is not feasible. Smaller, less complex projects will move ahead more quickly than will some of the more complex projects. Holding up all projects for the last one is not reasonable as it will slow progress and may result in increased costs. Thus, each project will need to be considered on a case-by-case basis as ready.

The SBHE approved the 13-15 capital projects contingency pool guidelines as follows:

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- All projects must be designed and bid based on the reduced project amount (original project amount less 4.45%/2.17%).
- For fiscal year 2014, campuses (excluding the SMHS) may request an allocation from the capital projects contingency pool, up to a maximum of 4.45% of the legislative appropriation for that project, if the lowest acceptable bid (or CM maximum price) exceeds the legislative appropriation provided for the project. The SMHS may submit a request for an allocation from the capital projects contingency pool, up to a maximum of 2.17% of the legislative appropriation for that project, if the lowest acceptable bid (or CM maximum price) exceeds the legislative appropriation provided for the project.
- The NDUS Office will consider and review each individual project request as submitted, with the Chancellor making an allocation recommendation of between 0-4.45percent (2.17% at SOMHS) to the SBHE, who has the final allocation authority.
- At the end of fiscal year 2014, the allocation criteria will be re-evaluated based on remaining funds, and adjustments to the guidelines may be made, as necessary.

Amounts that have been allocated to the campuses through 6-30-14, totaling \$3,138,331, are being removed by the following campuses: **(BSC-\$560,626; LRSC-\$251,433; WSC-\$607,551; NDSU-\$1,247,709; NDSU-\$358,778; MaSU-\$95,559 and DCB-\$16,675)**. The unallocated balance as of 6-30-14, totaling **\$2,345,082**, is being removed by the NDUS Office.

The amount allocated to NDSU from the capital project contingency pool is for the Science Technology Engineering and Math (STEM) classroom building project. This allocation was approved by the State Board of Higher Education on June 26, 2014 and NDSU requests approval of this allocation by the Legislative Assembly.

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|------------------------|-----------------------|---------------------|------------------|
| Change Group: A | Change Type: E | Change No: 3 | Priority: |
|------------------------|-----------------------|---------------------|------------------|

Remove Deferred Maintenance Pool

To remove **\$10 million** for the deferred maintenance pool, per SB2003-Section 2. SB2003-Section 21 provided the following legislative intent: "The deferred maintenance funding pool line item includes funding that must be used to address deferred maintenance and other infrastructure needs at institutions based on the university system master plan and space utilization study. However, the state board of higher education may distribute up to one-half of the funds in the pool to institutions prior to the completion of the master plan and space utilization study."

The SBHE approved allocation of \$5 of the \$10 million on September 25, 2013. Given the facility master plan was not completed at the time, the initial \$5 million was distributed based on the following:

- statewide OMB extraordinary repairs formula, which addresses both buildings and infrastructure to bring campuses to a common (or close to common)percent position of the formula ;
- Each campus/entity should receive some minimum amount of funding—recommended \$75,000 minimum, except for the Forest Service a minimum of \$30,000;
- Make adjustments to recognize that some campuses have to use a portion of their extraordinary repair formula funding for the payment of city special assessments, on infrastructure not owned by the campus.

With the near completion of the System facility master plan, the SBHE approved the allocation of the remaining \$5 million on June 26, 2014, so the campuses could begin much needed projects. The allocation was based on the following:

- First allocate \$275,000 to VCSU to address a recently identified safety issue at VCSU in the recently retired Science Building. The \$275,000 includes costs for engineering services, relocation and demolition. It does not include other costs related to build a barrier for the hill or to replace asphalt.
- Allocate remaining \$4,725,000 to the 11 institutions based on the average of: the actual deferred maintenance for facilities examined by consultants during the master plan visits (represents about 24% of the overall state appropriated GSF for Type I and II buildings)= +\$200 million; extrapolated deferred maintenance when applied to all appropriated buildings, based on above "sample" condition ("If the condition of these buildings represents similar condition in the rest of the buildings and identified needs to the heating plants and site infrastructure are added in..")

BUDGET CHANGES NARRATIVE

235 North Dakota State University

Bill#: HB1003

Date: 12/23/2014

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The following allocations, totaling \$10 million, were provided to the campuses and Forest Service, and are being removed in this budget change code: **BSC-\$759,580; LRSC-\$256,259; WSC-\$271,181; UND-\$2,667,599; NDSU-\$2,480,703; NDSCS-\$639,328; DSU-\$437,527; MaSU-\$408,233; MiSU-\$830,318; VCSU-\$937,339; DCB-\$281,933; Forest Service-\$30,000.**

NDSU repair categories identified:

- Utilities and Infrastructure: \$750,000
- Mechanical/Electrical Upgrades: \$1,730,703

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|------------------------|-----------------------|---------------------|------------------|
| Change Group: A | Change Type: E | Change No: 5 | Priority: |
|------------------------|-----------------------|---------------------|------------------|

Remove One-time Line Transfers

To reverse one-time **\$750,000** transfers from operating line to capital line (SB2003-Section 35) Adjustment needed to increase operating and decrease capital asset line.

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| Change Group: A | Change Type: F | Change No: 1 | Priority: |
|------------------------|-----------------------|---------------------|------------------|

Remove 2011-13 Capital Assets Carryover

To remove **\$57,760,751** capital assets carryover from 2011-13.

GF: \$1,918,518

- Minard Hall: \$1,227,174
- Ceres Hall Re-roof: \$679,442
- Hultz Hall Steamline replacement: \$10,220
- Special Assessments: \$1,682

OF: \$55,842,233

- Sanford Health Athletic Complex: \$32,441,519
- Research 1 Addition: \$22,244,931
- Indoor Track Facility: \$256,110
- Minard Hall: \$899,673

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| Change Group: A | Change Type: F | Change No: 2 | Priority: |
|------------------------|-----------------------|---------------------|------------------|

Remove Base Funding Extraordinary Repairs

To remove **\$2,732,244** base funding for extraordinary repairs. This base amount, plus an increase to the base, is being requested for 2015-17, and is reflected in **change code AA6**.

NDSU repair project categories:

- Building Exterior: \$1,044,000

BUDGET CHANGES NARRATIVE

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- Interior Finishes: \$456,000
- Special Assessments: \$272,000
- Mechanical/Electrical Upgrades: \$960,244

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| Change Group: A | Change Type: F | Change No: 3 | Priority: |
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Remove Additional Capital Projects Authority

To remove add'l **other fund** authority, authorized by the Budget Section during FY14: (\$10,390,643)

- Sanford Health Athletic Complex \$5,595,643;
- Dinan Hall \$1,185,000;
- Center for Comp Asst Science Technology \$3,610,000

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| Change Group: R | Change Type: A | Change No: 1 | Priority: |
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SCH Production Adjustment

Adjusts statutory operations funding to reflect changes in adjusted student credit hour (ASCH) production to the 2011-13 levels.

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| Change Group: R | Change Type: A | Change No: 2 | Priority: |
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Inflationary Increase

Provides an inflationary adjustment to cover the State's share of the following cost increases:

- Costs to continue FY15 3% salary increases - \$1,671,242
- Utilities - \$535,800
- 2015-17 annual salary increases of 4% FY16 and 4% FY17 - \$7,508,485
- Health insurance premiums @ \$1,161.59 per month - \$3,194,811
- 1% Retirement contribution increase on 1/1/2016 - \$798,619

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| Change Group: R | Change Type: A | Change No: 3 | Priority: |
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Base Extraordinary Repairs

Provides \$4,461,355 for base extraordinary repairs, including \$1,729,111 to increase funding to 20% of the OMB formula.

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| Change Group: R | Change Type: A | Change No: 4 | Priority: |
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Eliminate Internal Audit and IT Assessments

Reduces base funding by \$121,794 for the State's share of costs related to the centralized document imaging system being transferred to the Core Technology Services division in the NDUS System Office budget.

BUDGET CHANGES NARRATIVE

235 North Dakota State University

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Reduces base funding by \$143,624 due to elimination of the State's share of campus assessments for the Internal Audit department. Full funding for the department has been provided in the NDUS System Office budget

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| Change Group: R | Change Type: A | Change No: 5 | Priority: |
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SCH Rate Rebalancing

Provides \$2,755,592 to increase final per SCH rate to \$79.61, which is equal to the per SCH rate of UND.

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| Change Group: R | Change Type: A | Change No: 6 | Priority: |
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Remove Agency Base Increases not Funded

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| Change Group: R | Change Type: B | Change No: 1 | Priority: |
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Campus Security One-Time

Provides \$840,000 for security related equipment purchases and/or facility repairs to strengthen campus security. May include a variety of needs, such as windows, cameras, card access, door locks, or any other necessary one-time purchase/repair.

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| Change Group: R | Change Type: B | Change No: 2 | Priority: |
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Special Assessment Payoff

Pays off the institution's existing special assessments balance.