

North Dakota State Board of Higher Education

May 17, 2023, Budget and Finance Committee Meeting Minutes

The State Board of Higher Education Budget and Finance Committee met via Teams/conf. call on May 17th, 2023, at 1:00 p.m. CT, via Teams.

Chair Mihalick called the meeting to order at 1:00 p.m. CT.

SBHE Budget and Finance Committee members participating:

Mr. Tim Mihalick, Chair
Mr. Nick Hacker
Mr. Jeffry Volk
Ms. Danita Bye
Mr. Kevin Black
Mr. Michael Linnell, Staff Advisor

Other participants:

Chancellor Hagerott
Mr. David Krebsbach, NDUS
Ms. Jamie Wilke, NDUS
Ms. Jane Grinde, NDUS
Ms. Robin Putnam, NDUS
Mr. Darin King and Mr. Corey Quirk, CTS
Mr. Rick Tonder, NDUS
Ms. Meredith Larson, AG Office
Ms. Sonya Koble, BSC
Dean Carmen Simone, DCB
President Easton, Mr. Leslie Wietstock, DSU
President Darling, Ms. Joann Kitchens, LRSC
President Van Horn, Ms. Amber Hill, MaSU
Mr. Brent Winiger, MiSU
Mr. Keith Johnson, NDSCS
President Cook, Mr. Bruce Bollinger, Ms. Cynthia Roth, Mr. Michael Ellingson, NDSU
Ms. Loretta Forsberg, Mr. Thomas Claeys, Forest Service
Ms. Karla Stewart, Ms. Odella Fuqua, Mr. Michael Pieper, UND
President LaFave, VCSU
President Hirning, Ms. Krista Lambrecht, WSC
Mr. Terry Olson and Mr. Choi Namil, UND SMHS

1. Agenda

Member Bye requested to add a report on the status of the retirement fund consultant. Member Volk requested an update on the presidential compensation study. The committee agreed.

Bye moved, Hacker seconded, to approve the amended agenda.

Volk, Black, Bye, Hacker, and Mihalick voted yes. Motion passed.

2. Meeting Minutes

Bye moved, Hacker seconded, to approve the April 19, 2023, meeting minutes, as presented.

Hacker, Volk, Black, Bye, and Mihalick, voted yes. Motion passed.

3. NDSU Agriculture and Biosystems Engineering Building

Volk moved, Bye seconded, to recommend approval for NDSU to proceed with demolishing the Agricultural and Biosystems Engineering building at an estimated cost of \$1,000,000 to be funded from Tier Funding and other appropriated or local funds. Per SBHE Policy 902.3, as presented.

Bye, Volk, Black Hacker, and Mihalick voted yes. Motion passed.

Mr. Krebsbach will provide member Bye with a copy of the approved campus masterplans.

4. DCB to Enter into a Joint Powers Agreement (JPA) with the City of Minot

Bye moved, Volk seconded, to recommend approval for DCB to enter into a Joint Powers Agreement (JPA) with the City of Minot, North Dakota to provide additional financing for the renovation of the former Trinity Health Building, currently owned by the MSU Development Foundation into a Career and Technical Facility, as presented.

Volk, Black, Bye, Hacker, and Mihalick voted yes. Motion passed.

5. UND Exception to SBHE Policy 805.1 - Tuition Rates for Masters in Public Health

Volk moved, Bye seconded, to recommend approval UND request exception to SBHE Policy 805.1 to charge tuition rates for Masters in Public Health to 150 percent for international students and undergraduate Medical Lab Science degree to 100 percent of residential rates for Minnesota Residents, other out-of-state U.S. residents, Canadian residents of Saskatchewan and Manitoba, and international students, as presented. Further, limit the exemption for a 1-year approval.

Volk, Bye, Hacker, and Mihalick voted yes. Black abstained. Motion passed.

The committee discussed that there are multiple exceptions to the tuition policy for specific programs across the system. They recommended the policy be on a future agenda to revisit to ensure it is aligning with the needs of the campuses. There have been several factors that have changed, such as surrounding states that have adjusted their tuition. A concern was raised that the originally agreed upon program tuition rate for both NDSU and UND is no longer in play and UND representatives acknowledged that the rate was changed prior to seeking this approval. They explained that there were several leadership positions that had changed, and the proper process did not take place. Member Hacker provided a historical summary of the model tuition act that was shelved years ago; it required institutions to bring all program exemption requests to the Board all at one time each year. Currently institutions are trying to follow a single policy and that process needs to be improved for both the students and the institutions. He noted the same for all the campus masterplans, and recommended the committee members have Mr. Rick Tonder provide some background on the plans.

Black, Bye, Hacker, Volk, and Mihalick voted yes. Motion passed.

6. LRSC Transfer of Funds

LRSC Ratify Chancellor's approval of the transfer of \$500,000 and \$68,491.35, respectively, from the NDUS System Office Tier III capital building fund appropriation line.

Volk moved, Black seconded, to approve the agenda.

Volk, Black, Bye, Hacker, and Mihalick voted yes. Motion passed.

7. DCB Transfer of Funds Tiers II and III

DCB Ratify Chancellor's approval of the transfer of \$106,064, \$500,000, \$106,064, and \$500,000, respectively, of NDUS System Office Tier II and Tier III capital building fund and NDUS Capital Building Fund at the State Investment Board to the DCB's capital building fund appropriation line, as presented.

Bye moved, Volk seconded, to approve BSC and LRSC requests to transfer funds, items 6 and 7.

Volk, Black, Bye, Hacker, and Mihalick voted yes. Motion passed.

8. 2023-25 Biennial Budget Guidelines

Ms. Jamie Wilke reviewed the proposed 2023-25 biennial budget guidelines, including salary guidelines and tuitions. She explained that each NDUS institution prepares a fiscal year budget plan for the biennium, inclusive of all funds, including the appropriated funds, grants and contracts, auxiliaries, and any other funding sources of revenues they may have. The State Board of Higher Education sets the budget policy guidance and allows institutions to prepare their operational details consistent with the guidelines and institutions priorities.

The committee discussed adding components of the budget requests for future reviews and approvals. Mr. Krebsbach explained that the full budget requests with several other components will be brought to the Board in June.

Black moved, Bye seconded, to recommend approval of the 2023-25 Biennial Budget Guidelines, as presented.

Volk, Black, Bye, Hacker, and Mihalick voted yes. Motion passed.

9. BFC Annual Calendar

The attached annual calendar is an annual calendar of items that the committee reviews.

10. Policy 302.3 Budget and Finance Committee

Mr. David Krebsbach explained that the Board requested that Policy 302.2 go back to the admin affairs council for input on the section related to the information technology matters that have a significant financial impact on the NDUS institutions, section 4. The council agreed with the language stating, "matters that could have a significant financial impact". The committee agreed the policy is ready to move forward as presented.

11. Update Capital Building Funds

Mr. Krebsbach provided an update on the capital building funds.

Additional items:

- Retirement consultants
Ms. Jane Grinde provided an update on the retirement plan consultant process. There is working between Attorneys John Godsoe and Meredith Larson and the consultant (HUB); they are working to finalize the contract and the tentative plan is to bring more information forward at the June meeting.
- Presidential compensation study:
The Presidential compensation study has been put on hold until further notice.

The meeting adjourned at 2:25 p.m. CT.

Approved June, 21, 2023.

Summary of Proposed Action State Board of Higher Education Meeting – May 23, 2023

1. **Issue:** NDSU wishes to proceed with demolishing the Agricultural and Biosystems Engineering building.
2. **Proposed actions or motion:** Authorize NDSU to proceed with demolishing the Agricultural and Biosystems Engineering building at an estimated cost of \$1,000,000 to be funded from Tier Funding and other appropriated or local funds. Per SBHE Policy 902.3.
3. **Background information:** The Agricultural and Biosystems Engineering Building (originally Agricultural Engineering) was erected in 1950 for teaching and research in agricultural engineering. A two-story addition was built in 1961. Today, the building houses the Agricultural and Biosystems Engineering Department. The ABEN building has deferred maintenance that exceeds the 65% threshold established by the NDUS that prompts demolition instead of repairs.

The ABEN building occupants will be moved out of the building, and into Ladd Hall and a portion of the Ag Service Center. Then they will be moved into the new engineering building (if approved by Legislative Assembly and SBHE).

4. **Financial implications:** The project will be funded from Tier Funding and other appropriated or local funds, which are sufficient, available for use, and include no unrestricted gift funds. Significant deferred maintenance and future operating costs for ABEN will be eliminated.
5. **Legal/policy issues or implications:** The NDSU 2022 Campus Master Plan, approved by the SBHE May 26, 2022, includes several sections that are directly related to this project.
6. **Academic issues or implications:** None
7. **Review Process:** University System office staff.
8. **Attachments:** Agenda Item
9. **Contact information:** Bruce Bollinger, VP for Finance and Administration, 701/231-8412, Bruce.Bollinger@ndsu.edu
10. **Chancellor's recommendation:** Chancellor Hagerott recommends approval.

North Dakota State University, May 24-25, 2023

REQUESTED ACTION

Authorize NDSU to proceed with **demolishing the Agricultural and Biosystems Engineering building** at an estimated cost of \$1,000,000 to be funded from Tier Funding and other appropriated or local funds. Per SBHE Policy 902.3.

Project Description

The Agricultural and Biosystems Engineering building (originally Agricultural Engineering) was erected in 1950 for teaching and research in agricultural engineering. The completed building measured 90 feet by 97 feet. For a short period of time, the Mechanical and Civil Engineering Departments had laboratories which were also housed in the building. A two-story addition was built in 1961 at the cost of \$110,000. Today, the building houses the Agricultural and Biosystems Engineering Department.

The ABEN building has deferred maintenance that exceeds the 65% threshold established by the NDUS that prompts demolition instead of repairs. Examples include:

- Mechanical and electrical systems are beyond their useful life.
- There is significant asbestos abatement needed.
- The building has multiple levels but lacks elevator access – not in compliance with ADA
- Bathrooms do not meet current ADA codes.
- Finishes such as flooring, paint, ceiling, are beyond their useful life.
- Building safety systems such as the fire alarm does not meet current code and the building does not have a fire sprinkler system.
- Exterior doors are in poor shape.

The sequence of events will be as follows: occupants will be moved out of the building, and into Ladd Hall and a portion of the Ag Service Center. Then they will be moved into the new engineering building (if approved by Legislative Assembly and SBHE) Asbestos abatement will occur, utilities will be removed and/or capped, and then the building will be demolished. The area will become a green space.

Consistency with Campus Facility Master Plan and Budget

The 2022 Campus Master Plan has several sections that are directly related to this project:

1. 2.c. Maintenance and Facility Condition Standards:
 - Fire Alarms
 - HVAC
 - Electrical systems
 - Water and Waste/Vent Piping
 - Exterior doors
 - Carpet
 - Paint
 - Windows
 - Asbestos
 - ADA
2. 2.d.ii lists Fire Alarms, Electrical Systems, and Building Envelope.
3. 3.b. Deferred Maintenance Priority (DMP) Repairs:
 - DMP 3 – Mechanical System Upgrades
 - DMP 6 – Plumbing
 - DMP 7 – Fire Alarms
 - DMP 19 – Accessibility
4. 3.c. Life/Safety/Security (LSS) Priority Needs:
 - LSS 4 – Card Access
 - LSS 5 – Video Surveillance

SBHE and/or Legislative History

May 26, 2022: SBHE approval of 2022 Campus Master Plan.

Estimated Total Purchased or Donated Costs (ALL costs should be included in the estimate, unless specifically noted otherwise).

	Amount
Planning, Permits and Insurance (design costs associated with current project, OMB preplanning revolving funds, architect and engineer fees, permits, insurance)	\$15,000
Land/Building Preparation and Purchase or Donated Costs (land acquisition and site preparation/development)	\$
Demolition and Disposal	\$700,000
Construction (foundation and building construction or renovation, including fixed equipment, landscape, infrastructure and utilities, mechanical and electrical, parking and driveways or roadways)	\$
Institutional work (value of work completed by institutional trade staff)	\$35,000
Contingency (typically 10% of construction prior to bid)	\$70,000
Hazardous Material Abatement (when not included in construction)	\$180,000
Other, including 3rd party costs (please describe)	\$
SUBTOTAL CONSTRUCTION (if total exceeds \$700,000, requires SBHE approval. See Appendix A for other requirements)	\$1,000,000
Furniture, Fixture and Equipment (FF&E)	\$
TOTAL	\$1,000,000

No other work, other than that specified within this request, is required for the completion of the project nor is other work planned to supplement this project using funding or authority not included within this request.

Future Operating/Improvement Costs and Funding Sources

Future operating costs for ABEN will be eliminated.

Source and Availability of Funds: See Appendix A

The project will be funded from Tier Funding and other appropriated or local funds and other funds, which are sufficient, available for use, and include no unrestricted gift funds.

Estimated FF&E, NOT reported above (informational only)

N/A

Project Management Oversight (Check One)

x	Project will be managed by a licensed architect, engineer, or construction manager.	Identify individual and professional discipline: Michael Ellingson, Director – Facilities Management Mechanical Engineer
	Project will be managed by non-licensed institutional staff or others.	Complete and attach Appendix B

Estimated Project Timeline and Completion Date

The project will be bid out in the summer of 2023 and demolition will start in the fall/winter of 2023 with completion the of summer 2024.

**APPLICATION
FOR THE SALE OR REMOVAL OF A PUBLIC BUILDING
WHICH IS PROPERTY OF THE STATE OF NORTH DAKOTA
As provided in Chapter 54-21-27 N.D.C.C.**

Name of Department or Agency making the application:

NORTH DAKOTA STATE UNIVERSITY

Name of Building:

Agricultural and Biosystems Engineering

Location of Building:

1221 Albrecht Boulevard
Fargo, ND 58102

Please state in detail the reason for the sale or removal of this building (use extra sheets, if necessary):

Agricultural and Biosystems Engineering (ABEN) has numerous deferred maintenance, ADA, and health/safety issues such as an antiquated fire alarm system, old exterior doors, asbestos containing materials throughout the building, limited ceiling heights, mechanical and electrical systems beyond their useful life. ABEN is a multi-level building with no elevator creating ADA issues. The bathrooms also do not meet current ADA standards. The building's deferred maintenance amount exceeds the 65% threshold established by the NDUS that prompts demolition instead of repairing the building.

State Fire and Tornado Fund Schedule of Property – Policy #1793:

Property #	Building Name	SF&T Item #	Insurance Limit
A014	Agricultural and Biosystems Engineering	13	\$5,764,314

North Dakota State University

By: Dr. CL

Title: President

Date: 4/17/23

State Board of Higher Education

By: _____

Title: _____

Date: _____

State Fire Marshal

Date

JOINT POWERS AGREEMENT
State Board of Higher Education and City of
Minot, North Dakota

THIS JOINT POWERS AGREEMENT ("Agreement") is between the City of Minot, North Dakota, (the "City"), party of the first part, and the North Dakota State Board of Higher Education ("Board"), party of the second part. Both parties are political subdivisions, organized under the laws of the State of North Dakota, and the Board has lawful control and administration over Dakota College at Bottineau ("DCB"), party of the third part, which is located in Bottineau, North Dakota.

PRELIMINARY STATEMENT

The Board is created by Article VIII, Section 6 of the North Dakota Constitution, and is the governing board of North Dakota public colleges and universities, including DCB, located in Bottineau, North Dakota. The City is a home rule city organized and operated under its Home Rule Charter pursuant to Chapter 40-05.1, North Dakota Century Code. The City and DCB have authority to enter into a Joint Powers Agreement pursuant to North Dakota Century Code (N.D.C.C.) Sections 54-40-01, 54-40-08, and 54-40.3-01 and Article VII, Section 10 and Article VIII, Section 6 of the North Dakota Constitution.

The purpose of this Agreement is to provide financing to DCB to renovate and repurpose an existing building ("CTE building") into a Career Technical Education Facility (CTE). The CTE building is located at 120 East Burdick Expressway in Minot, North Dakota.

On May 3, 2021, the City entered into an agreement with the Minot State University ("MSU") Development Foundation to provide them with an eight hundred-thousand-dollar (\$800,000.00) grant from the Magic Fund to purchase the CTE building ("Magic Fund Agreement"). A copy of the Magic Fund Agreement is attached hereto as Exhibit A. The building is now owned by the MSU Development Foundation, and it is currently being leased to DCB. Attached to the Magic Fund Agreement as Exhibit 1 is a copy of DCB's lease agreement with the MSU Development Foundation to lease the CTE building ("CTE Lease").

On November 1, 2021, the City entered into an agreement with DCB to provide them with up to three point four million dollars (\$3,400,000.00) of the City's Community Development Block Grant – National Disaster Resilience Program award to rehabilitate and equip the CTE building to commence operations as a CTE and to provide administration and training in the CTE for a minimum of 10 years. ("CDBG-NDR Subrecipient Agreement"). A copy of the CDBG-NDR Subrecipient Agreement is attached here to as Exhibit B.

The improvements contemplated under the CDBG-NDR Subrecipient Agreement include an internal remodel of the CTE building to construct laboratory and classroom space, a computer center, offices, and study areas that will enable DCB to provide programming and management for the CTE, which will offer one- and two- year certificate programs, customized technical training for area businesses, associate degree programs, and, eventually, college transfer programs. The CTE building is owned by the MSU Development Foundation, who has a lease agreement with DCB to operate a CTE.

The City Council for the City of Minot, North Dakota considered the request of DCB and gave tentative approval to allocate one million, eight hundred and forty-two thousand, ninety-three dollars and no cents (\$1,842,093.00) from the City's HUB City funding to DCB to complete the internal remodel of the first and second floor of the CTE building. This contribution is contingent upon and subject to (1) the passage of an appropriate Ordinance at second reading; (2) the execution and signature of this Joint Powers Agreement between the North Dakota State Board of Higher Education and the City; (3) approval of this Agreement by the North Dakota Attorney General's Office; and (4) DCB's successful completion of the terms and conditions set forth in the CTE Lease and CDBG-NDR Subrecipient Agreement.

THEREFORE, in accordance with North Dakota Century Code Chapters 54-40 and 54-40.3, and Article VII, Section 10 and Article VIII, Section 6 of the North Dakota Constitution the parties HEREBY AGREE AS FOLLOWS:

1. Purpose. The purpose of this Agreement is to provide financing to DCB to renovate and repurpose the CTE building for its intended purpose as a CTE. The improvements contemplated under this agreement include an internal remodel of the CTE building to construct laboratory and classroom space, a computer center, offices, and study areas that will enable DCB and Minot State University (MSU) to provide programming and management for the CTE, which will offer one- and two- year certificate programs, customized technical training for area businesses, associate degree programs, and eventually college transfer programs. The Board and the City agree that funding for these renovations will be derived from the City's distribution of HUB City funding allocated pursuant to N.D.C.C. Ch. 57-51, and shall consist of a one-time payment of one million, eight hundred and forty-two thousand, ninety-three dollars and no cents (\$1,842,093.00).
2. Effective Date and Term. This Agreement shall become effective on the date signed by the last party to sign the Agreement and following required approval by the Attorney General of the State of North Dakota ("Effective Date"). In respect to the City's potential and general use of the CTE building's facilities, the City's right to exercise such use shall be continuous and without a time limitation following the completed execution of this Agreement as set forth in Section 5, below.
3. CTE Building Renovation Financing. The City and Board understand and agree that any payments made under this Agreement are contingent upon full compliance with all of the following conditions:
 - a. Completion and execution of this Joint Powers Agreement by the parties' authorized representatives and final approval of this Agreement by the Office of the North Dakota Attorney General that the agreement is legally sufficient;
 - b. Final passage of Ordinance No. _____ by the Minot City Council authorizing the City to enter into this Joint Powers Agreement and appropriating the sum of one million, eight hundred and forty-two thousand, ninety-three dollars and no cents (\$1,842,093.00) to finance the renovation of the CTE building.
 - c. DCB's full compliance with the terms and conditions of the CTE Lease and

CDBG-NDR Subrecipient Agreement.

4. Title to CTE Building Improvements and Administration, Management, and Operation of CTE. Legal title to the CTE building and improvements funded by the City's allocation under this Agreement shall remain with the MSU Development Foundation. Additionally, the parties agree that the administration, management and operation of the CTE shall be under the completion direction and authority of the Board and DCB.
5. General Use. The Board and City agree that the CTE building shall be operated as a public facility and made available for public and private entities and individuals when not being used for its intended purpose as a CTE. The availability for these purposes shall be based upon reasonable notice and reasonable requests, as determined by appropriate staff at DCB, for use of the CTE building. Any requests specifically made by the City for use of the CTE building shall be without charge or assessment of any fee on a continuous basis and without a time limitation following the completed execution of this Agreement. Furthermore, the parties agree that the facilities described herein shall be utilized primarily as a CTE, will offer customized technical training for area businesses, associate degree programs, and eventually college transfer program. The parties agree that the CTE building shall be utilized for college, school and public or community educational activities and events that enhance the quality of life for the community and residents of the surrounding area.
6. Financial Administration – City. Upon execution of this Agreement, the City shall disburse one million, eight hundred and forty-two thousand, ninety-three dollars (\$1,842,093.00) to the Board. All financial arrangements shall be made through the City's Finance Department.
 - a. Use of Funds. DCB understands and agrees that the funds disbursed under this Agreement shall be used only to renovate and repurpose the CTE building for its intended purpose as a CTE. Should the CTE renovations not be completed, be partially completed, or completed at a lower cost than originally anticipated, DCB shall return the remaining funds to the City.
 - b. Financial Records. DCB agrees to adhere to all best accounting principles and procedures, to utilize adequate internal controls, and maintain necessary source documentation for all costs that qualify for and are paid by the funding allocated by this Agreement. DCB must establish and maintain records sufficient to enable the City to determine whether they have complied with this Agreement, the CTE Lease, the CDBG-NDR Subrecipient Agreement, and all applicable federal, state, and local laws.
 - c. Access to Financial Records. DCB shall permit the City and any internal or external auditors to have access to its records and financial statements relating to the disbursement of funds under this Agreement upon request. This right also relates to timely and reasonable access to DCB's personnel for the purpose of interviews and discussion related to such records.

7. Liability and Insurance. Each party to this Agreement shall be responsible for its own acts and agrees to assume its own liability for those acts and consequences. The liability of the Board is governed by North Dakota Century Code Chapter 32-12.2 and the liability of the City is governed by North Dakota Century Code Chapter 32-12.1. DCB must maintain the insurance requirements set forth in the CTE Lease for as long as this Agreement, the CTE Lease, and the CDBG-NDR Subrecipient Agreement are in effect.
8. Miscellaneous.
 - a. Amendments. This Agreement may be amended at any time and from time to time upon written agreement of the parties.
 - b. Severability. If any paragraph of this Agreement or the application thereof shall, for any reason and to any extent, be found invalid or unenforceable, the invalid or unenforceable provision shall be deemed severed from the remainder of the Agreement, and the remaining paragraphs shall remain in full force and effect to the fullest extent of the law.
 - c. Assignments. This Agreement is personal to the parties and neither the rights nor the obligations of either party may be assigned without the written consent of the other.
 - d. This Agreement Supersedes Prior Agreements Regarding HUB City Funding for Renovations of CTE Building. This Agreement contains the parties' entire agreement, supersedes any and all prior understandings of the parties with respect to the City's allocation of HUB City funding to assist in renovating the CTE building, and is intended to be a complete and exclusive statement of the parties' commitments and responsibilities in respect to the City's allocation of HUB City funding to assist in renovating the CTE building.
 - i. Magic Fund Agreement, CTE Lease, CDBR-NDR Subrecipient Agreement. The terms and conditions in this Agreement shall not be interpreted to supersede any of the terms and conditions contained in the Magic Fund Agreement, CTE Lease, or CDBG-NDR Subrecipient Agreement.
 - e. Governing Law/Venue. This Agreement with respect to its validity and lawfulness shall be governed and construed under the laws of the State of North Dakota, and any action to interpret the terms of this Agreement shall be filed in a District Court located in Ward County, North Dakota.
 - f. Compliance with Federal, State, Local Laws. The parties agree to at all times comply and remain in compliance with all federal, state, and municipal laws while this Agreement is in effect.
 - g. Termination for Material Breach. Either party may terminate this Agreement with immediate effect by delivering notice of termination to the other party, if:

- i. the other party fails to perform, has made or makes any inaccuracy in, or otherwise materially breaches any of its obligations, covenants, or representations under this Agreement, the Magic Fund Agreement, the CTE Lease, or the CDBG-NDR Subrecipient Agreement; and/or
 - ii. the failure, inaccuracy, or breach continues for a period of five (5) business days after the injured party delivers notice to the breaching party reasonably describing the material breach.
- h. Notice. Any notice, demand, or request required or permitted to be given or made under this Agreement must be made in writing unless specifically stated otherwise in this Agreement or in any amendment to this Agreement. Notice will be deemed given when delivered in person, sent via certified mail/return receipt requested, or sent by email with confirmed receipt by the receiving party, to the Parties as specified below:
- i. CITY OF MINOT (“City”)
Attn: Finance Director
P.O. Box 5006
Minot, ND 58701
finance@minotnd.org
 - ii. STATE BOARD OF HIGHER EDUCATION (“Board”)
Terry Meyer, Chief of Staff, Chancellor’s Office
North Dakota University System Office
terry.meyer@ndus.edu
 - iii. DAKOTA COLLEGE AT BOTTINEAU (“DCB”)
Dr. Carmen Simone, Campus Dean/CEO
105 Simrall Blvd, Bottineau, ND 58318
carmen.simone@dakotacollege.edu

IN WITNESS WHEREOF, THE PARTIES HAVE EXECUTED THIS AGREEMENT.

Dated this 23rd day of May, 2023.

Attest:

**NORTH DAKOTA STATE BOARD OF
HIGHER EDUCATION:**

By: Casey Ryan
President

By: Terry Meyer
Secretary

Dated this _____ day of _____, 2023.

Attest:

DAKOTA COLLEGE AT BOTTINEAU:

By: _____
Dr. Steven Shirley, President

By: _____
Dr. Carmen M. Simone, Campus Dean/CEO

Dated this _____ day of _____, 2023.

Attest:

CITY OF MINOT:

By: _____
Mikayla McWilliams, City Clerk

By: _____
Thomas Ross, Mayor

Approved as to form and legal sufficiency:

By: _____
Claire J. Ness
Chief Deputy Attorney General

Date: _____

Summary of Proposed Action SBHE Meeting – May 23, 2023

1. **Issue:** UND SMHS is requesting the SBHE to grant an exception to its tuition rates for international student rates for masters in Public Health; and SBHE to grant exceptions to its tuition rates for Minnesota Residents, other out-of-state U.S. residents, Canadian residents of Saskatchewan and Manitoba, and international students for undergraduate Medical Lab Science degree. UND SMHS's tuition rates for these programs have been less than what is established in SBHE Policy 805.1 since the academic year 2019-2020. No SBHE approval has been granted for these exceptions.
2. **Proposed motion:** Request exception to SBHE Policy 805.1 to charge tuition rates for masters in Public Health to 150 percent for international students and undergraduate Medical Lab Science degree to 100 percent of residential rates for Minnesota Residents, other out-of-state U.S. residents, Canadian residents of Saskatchewan and Manitoba, and international students. The BFC at the May 17, 2023, meeting approved the requested change for one year.
3. **Background:** SBHE Policy 805.1 establishes NDUS institutions shall set tuition rates no lower than the following, except as otherwise approved by the SBHE:
 - 112 percent of resident tuition rate for undergraduate and 127 percent for graduate rates for Minnesota residents
 - 120 percent of resident tuition rate for other out-of-state U.S. residents and Canadian Residents of Saskatchewan and Manitoba
 - 175 percent of the resident tuition rate for international studentsUND SMHS current tuition rates for the undergraduate degree in Medical Lab Science is at 100 percent of the residential rates due to the competition from other institutions. UND SMHS has contracts with twelve Western College Alliance for Medical Laboratory Science (WCAMLS) sites and those would need to be changed if the exception to the rate is not granted. UND SMHS has charged the masters in Public Health since the SBHE approved SMHS to charge 150 percent of the residential rate for masters in Physical Therapy and masters in Occupational Therapy on February 26, 2019. The masters in Public Health was inadvertently not requested at that same time. The ND/MN Reciprocity agreement will need to be modified to include the adjustments to the Medical Lab Science rates at 100 percent if approved by the SBHE.
4. **Financial implications:** None.
5. **Academic implications:** None.
6. **Legal/policy issues:** SBHE approval of requested exception makes SMHS compliant with SBHE Policy 805.1.
7. **Review Process:**
8. **Enclosures:** None.
9. **Contact person:** Karla Mongeon-Stewart, VP for finance and operations/chief operating officer, karla.stewart@und.edu, 701-777-3511.
10. **Chancellor's Recommendation:** Chancellor Hagerott recommends approval.

Summary of Proposed Action SBHE Meeting – May 23, 2023

1. **Issue:** LRSC has been granted an exemption to the N.D.C.C. 15-54.1 matching requirements in 2023 HB1003, section 40 to access \$500,000 Tier III capital building funds as designated in SB2003, section 6 from 2021-23 biennium; and \$68,491.35 from 2023-25 Tier III capital building funds as designated in 2023 HB 1003 section 11. The NDUS System Office is requesting to transfer the following amount from its capital building fund \$500,000 Tier III from 2021-23 and \$68,491.35 Tier III from 2023-25. The 2023 HB1003 section 11 & 40 are included in 2023 HB1003 section 48 authorizing an emergency clause.
2. **Proposed motion:** Ratify Chancellor's approval of the transfer of \$500,000 and \$68,491.35, respectively, from the NDUS System Office Tier III capital building fund appropriation line.
3. **Background:** 2021 SB2003, section 6 provides \$19 million and 2023 HB1003, section 11 provides \$24 million from the strategic investment and improvements fund. Tier II capital building fund pool requires \$1 in matching funds from operations or other sources for each \$1 in state funds. Tier III capital building fund pool requires \$2 in matching funds from operations or other sources for each \$1 in state funds. Carryover capital building funds have the same matching requirements. Funds transferred to an institution must be placed in that institution's capital building fund line item. During the 2023 session HB1003 section 40 exempts specific institutions designated capital building funds from requiring matching funds (N.D.C.C. 15-54.1) and provided an emergency clause on this section to allow institution to be granted the funds prior to the end of the current fiscal year.

LRSC will use 2021-23 and 2023-25 Tier III dollars for the replacement of the wind turbine and gearbox.
4. **Financial implications:** The transfer assists LRSC in the replacement of the wind turbine and gearbox.
5. **Academic implications:** None.
6. **Legal/policy issues:** None.
7. **Review Process:**
8. **Enclosures:** None
9. **Contact person:** David Krebsbach, Vice Chancellor for Administrative Affairs, david.krebsbach@ndus.edu, 701-328-4116; Joann Kitchens, Vice President for Administrative Services, joann.kitchens@lrsc.edu, 701-662-1502.
10. **Chancellor's Recommendation:** Chancellor Hagerott recommends approval.

Summary of Proposed Action SBHE Meeting – May 23, 2023

1. **Issue:** DCB has met the requirements to access the \$1,212,128 Tier II and Tier III capital building funds as authorized by the Legislative Assembly and is requesting the NDUS System Office transfer current biennium Tier II funds of \$106,064, current biennium Tier III funds of \$500,000, and Tier II carryover funds from 19-21 biennium of \$106,064 and Tier III carryover funds from 19-21 biennium of \$500,000 to DCB's capital building fund. The 2023 HB1003 section 40 allows an exemption from the matching requirement and is included in 2023 HB1003 section 48 authorizing an emergency clause.
2. **Proposed motion:** Ratify Chancellor's approval of the transfer of \$106,064, \$500,000, \$106,064, and \$500,000, respectively, of NDUS System Office Tier II and Tier III capital building fund and NDUS Capital Building Fund at the State Investment Board to the DCB's capital building fund appropriation line.
3. **Background:** SB2003, section 6 provided \$19 million from the strategic investment and improvements fund. Tier II capital building fund pool requires \$1 in matching funds from operations or other sources for each \$1 in state funds. Tier III capital building fund pool requires \$2 in matching funds from operations or other sources for each \$1 in state funds. Carryover capital building funds have the same matching requirements. Funds transferred to an institution must be placed in that institution's capital building fund line item. During the 2023 session HB1003 section 40 exempts specific institutions designated capital building funds from requiring matching funds (N.D.C.C. 15-54.1) and provided an emergency clause on this section to allow institution to be granted the funds prior to the end of the current fiscal year.

DCB will use the Tier II dollars for miscellaneous projects under \$50,000, including boiler repairs, HVAC repairs, electrical repairs, water purification, concrete repairs, plumbing repairs, dorm repair; and Tier III dollars for the renovation of Old Main. DCB has Coronavirus Relief Funds (CRF) for 2019-21 and bond payments for 2021-23 Tier II matching funds that will be used to meet the match requirements. Tier III funding for 2019-21 and 2021-23 are exempt from the matching requirement per 2023 HB1003 section 40.

4. **Financial implications:** The transfer assists DCB in completing the miscellaneous projects under \$50,000 and the renovation of Old Main utilizing the state provided funds in 2019 HB1003 and 2021 SB2003.
5. **Academic implications:** None.
6. **Legal/policy issues:** None.
7. **Review Process:**
8. **Enclosures:**
9. **Contact person:** David Krebsbach, Vice Chancellor for Administrative Affairs, david.krebsbach@ndus.edu, 701-328-4116; Lisa Mock, Business Manager, lisa.mock@minotstateu.edu, 701-228-5432.
10. **Chancellor's Recommendation:** Chancellor Hagerott recommends approval.

Summary of Proposed Action State Board of Higher Education Meeting – May 23, 2023

% **Issue:** Set guidelines for preparation of 2023-25 biennial budgets, including salary guidelines and tuition rates.

&" **Proposed actions:** Approve the 2023-25 biennial budget guidelines as presented.

' " **Background information:** Biennially, NDUS entities prepare an all funds fiscal year budget plan, covering appropriated funds, grants and contracts, auxiliaries, and all other sources of revenues. The SBHE sets broad budget policy guidance at the outset, while allowing campuses to prepare the operational details consistent with the guidelines and institutional priorities.

The attached guidelines establish salary policy, areas of strategic investment, and tuition for the 2023-25 biennium. In March 2024, institutions may request updates to the FY25 planned salary increases, tuition rates or fees, if necessary. Approval of the 2023-25 guidelines includes the following items:

- FY2(and FY2) salary guidelines, as per legislative direction and NDUS pay policy.
- FY2(and FY2) maximum annual tuition rate increases.
- Carryover authority and extraordinary repairs reporting requirements.
- Delegation of authority to the Chancellor to approve the biennial budgets within the guidelines set forth by the SBHE. However, any line item transfers from operations to capital assets line item must be approved by the SBHE prior to transfer.

(" **Financial implications:** Detailed above and in attachments.

)" **Legal/policy issues:** None

*" **Academic issues:** None

, " **Attachments:** Yes

- " **Contact information:** >Ua JY'K J_Y, 701-328-4111, jamie.wilke@ndus.edu

%\$ **Chancellor's recommendation:** Chancellor Hagerott recommends approval.

DRAFT

North Dakota University System 2023-25 Biennial Budget Guidelines for consideration by the BFC May 17, 2023 and SBHE May 25, 2023

The SBHE's approval of the 2023-25 biennial budget guidelines includes approval of the following:

- FY24 and FY25 salary guidelines, as per legislative direction and NDUS pay policy.
- FY24 and FY25 proposed annual tuition rate increases, detailed on tables 1-5.
- Carryover authority and extraordinary repairs reporting requirements.
- Delegation of authority to the Chancellor to approve the biennial budgets within the guidelines set forth by the SBHE. However, any line item transfers from operations to capital line items must be approved by the SBHE prior to transfer.

As part of the biennial budget, campuses and related entities shall:

- Include descriptions and amounts of targeted investments and allocations that will assist with carrying out the goals set forth in the SBHE and campuses strategic plans.
- Include descriptions and amounts of reallocations and adjustments, including adjustments to staffing, spending and operations to control costs, and the corresponding effect on ability to carry out SBHE and campus strategic plans.
- Include a brief explanation of other significant changes in the budget, not specifically addressed otherwise.
- Disclose actual FY24 and FY25 tuition rate increases by category.
- Disclose FY24 and FY25 overall average salary increases and a brief description of related salary increase policy for the 2023-25 biennium, including one-time pay adjustments.
- Disclose estimated 2021-23 carryover, and the proposed use of these funds.
- Disclose base extraordinary repairs (Tier I) match and source of funds for FY24 and FY25.
- Disclose the Capital Project and Capital Building Fund (Tier II/III) expenditure amounts including match and source of funds for FY24 and FY25.

Campuses shall submit annual budget schedules to the NDUS Office by no later than June 21, 2023. The Chancellor shall review and approve the biennial budgets consistent with the guidelines established by the SBHE.

Salary Guidelines:

NDUS entities should prepare their FY24 and FY25 payroll budget consistent with their campus/entity approved salary administration plan, and within the following guidelines:

As per NDUS 5 Pay Policy, General Adjustments are defined as follows:

- General adjustments are made based on the decisions and directions of the Legislature or the SBHE.

The 2023 Legislative Assembly, in 2023 Senate Bill 2015, Section 21, provided funding for general salary increases for the 2023-25 biennium as follows:

- FY24 increases averaging 6%, subject to satisfactory employee performance and availability of funds.
 - FY25 increases averaging 4% subject to satisfactory employee performance and availability of funds.
 - Increases for eligible employees are to be based on documented performance. Employees whose overall documented performance level does not meet standards are not eligible for any salary increase.
 - Increases are not to be the same percentage increase for each employee.
 - Probationary employees are not entitled to increases. Upon successful completion of probation an employee may receive all or a portion of the increase.
- The Chancellor and campus presidents may authorize other salary adjustments as defined in institution/entity approved salary administration plan and NDUS 5 Pay Policy. Other salary adjustments may include equity, temporary, promotion, and market adjustments. Adjustments in salary will be made with appropriate administrative approval and consultation with the institutions' Human Resource Office.

Institutions that have identified additional available funds may use these funds to address salary compression issues or enhance merit-based increases for employees essential to the effective operations of the institution.

- Institutions may also use other salary administration tools, including one-time payments.
- Probationary increases may be awarded at the discretion of the Chancellor / campus President upon satisfactory completion of a probationary period, as per funding availability.
- Per 2023 House Bill 1003, Section 39, the Chancellor and campus presidents are authorized to adjust full-time equivalent positions as needed, subject to the availability of funds.

Strategic Investments

The 2021-2026 NDUS strategic plan includes the following goals:

- **Financials:** Optimize student affordability while maintaining campus financial health
- **Responsive:** Provide access to programs people want, where and when they need them
- **Student Success:** Prepare students for success
- **Unified System:** Maximize the strengths of the unified system
- **Research:** Research Excellence and Innovation
- **Workforce:** Workforce Development

As part of the annual budget document, campuses should specifically identify targeted investments (dollar amount and the source of funds) to support the attainment of the goals set forth in the strategic plan.

Carryover

2023 HB1003, Section 36 permits the carryover of any unexpended appropriations from 2021-23 to the 2023-25 biennium. Annual budgets should disclose the estimated carryover and proposed uses. Campuses must track and report to subsequent appropriation committees on the amount and use of these funds, as required per NDCC Section 54-44.1-11.

Extraordinary Repairs and Capital Projects/Capital Building Fund

As part of the biennial budget, campuses should disclose the amount of match, and source of funds, planned for FY24 and FY25. If the source is state general fund operating, a request for a line item transfer (from operations to capital assets) should be included on Schedules 1 and 4 of the biennial budget document or submitted at a time determined by the institution. Transfers are authorized in 2023 HB1003, Section 38.

Tuition Increases, Excluding Rates for High School Students Enrolled in College Coursework

The 2023 Legislative Assembly established a tuition increase limitation for the 2023-2025 biennium. HB1003, Section 45 limits resident undergraduate tuition rate increase to 0 percent and 1 percent for high-cost undergraduate differentiated tuition programs and graduate level programs per year during the 2023-25 biennium. Tuition rate increases are being proposed by the institutions to cover operating inflation and other institution revenue needs. Institutions have determined that the rate increases will cover projected expenses while remaining competitive in the market. Student affordability was also considered, as a result, rate increases may vary by campus.

The following tables present the requested tuition increases by institution for the 2023-25 biennium. **The tables assume a full time student taking 15 credit hours per semester, except the graduate programs listed on tables 3 and 4 assume a full time graduate student taking 9 credit hours per semester.** The tuition listed is the total tuition a full time student would pay for each academic year.

Table 1 – Resident Undergraduate Tuition 2023-24 Academic Year:

Table 1 - Resident Undergraduate Tuition 2023-24 Academic Year							
	Column (1)	Column (2)	Column (3)	Column (5)	Column (6)	Column (7)	Column (8)
Campus	2022-23 Tuition	2023-24 Requested Tuition Increase		Additional 2023-24 Increase	Total Tuition Increase (Decrease)	Requested 2023-24 Tuition	% Tuition Increase
BSC - Basic Band	\$ 5,209	\$ -	0.00%		\$ -	\$ 5,209	0.00%
BSC - Technical Band	6,267	62.67	1.00%		62.67	6,329	1.00%
BSC - Nursing Band	7,325	73.25	1.00%		73.25	7,398	1.00%
BSC - BAS	6,587	65.87	1.00%		65.87	6,653	1.00%
LRSC	4,249	-	0.00%		-	4,249	0.00%
WSC - Band 1	4,138	-	0.00%		-	4,138	0.00%
WSC - Band 2 (AG, CIS, CSCI, Lab Sciences)	4,634	46.34	1.00%		46.34	4,680	1.00%
WSC - Band 3 (Message, Diesel, Welding, Nursing)	5,958	59.58	1.00%		59.58	6,018	1.00%
NDSCS	4,683	-	0.00%		-	4,683	0.00%
DCB	4,530	-	0.00%		-	4,530	0.00%
DSU	7,470	-	0.00%		-	7,470	0.00%
MaSU	6,517	-	0.00%		-	6,517	0.00%
MaSU - Nursing	6,517	65.17	1.00%		65.17	6,582	1.00%
MiSU	7,167	-	0.00%		-	7,167	0.00%
VCSU	6,619	-	0.00%		-	6,619	0.00%
UND - Base	9,237	-	0.00%		-	9,237	0.00%
UND - Aviation	10,857	-	0.00%		-	10,857	0.00%
UND - Business	9,786	-	0.00%		-	9,786	0.00%
UND - Engineering, Computer Science, Geology	10,269	-	0.00%		-	10,269	0.00%
UND - Engineering Distance Education	15,455	(772.74)	-5.00%		(772.74)	14,682	-5.00%
UND - Nursing	10,808	-	0.00%		-	10,808	0.00%
UND - Dietetics, Nutrition, SW	9,378	-	0.00%		-	9,378	0.00%
UND - MLS Undergraduate	10,146	-	0.00%		-	10,146	0.00%
NDSU - Base	9,309	-	0.00%		-	9,309	0.00%
NDSU - Architecture	12,384	-	0.00%		-	12,384	0.00%
NDSU - Business	9,751	-	0.00%		-	9,751	0.00%
NDSU - Engineering	10,243	-	0.00%		-	10,243	0.00%
NDSU - Nursing	11,089	-	0.00%		-	11,089	0.00%

Table 2 – Non-Resident Undergraduate Tuition 2023-24 Academic Year:

Table 2 - Non-Resident Undergraduate Tuition 2023-24 Academic Year						
	Column (1)	Column (2)	Column (3)	Column (5)	Column (6)	Column (7)
Campus	2022-23 Tuition	Impact of Resident Increase	Additional 2023-24 Increase	Requested 2023-24 Tuition Increase (Decrease)	Requested 2023-24 Tuition	% Tuition increase (decrease)
BSC - Base Band	\$ 7,813	\$ -	-	\$ -	\$ 7,813	0.00%
LRSC	4,250	-	-	-	4,250	0.00%
WSC	4,138	-	-	-	4,138	0.00%
NDSUS	5,620	-	-	-	5,620	0.00%
DCB	6,795	-	-	-	6,795	0.00%
DSU	9,570	-	-	-	9,570	0.00%
MaSU	9,775	-	-	-	9,775	0.00%
MiSU	7,167	-	-	-	7,167	0.00%
VCSU	11,583	-	-	-	11,583	0.00%
UND	13,856	-	-	-	13,856	0.00%
NDSU	13,963	-	-	-	13,963	0.00%

Table 3 – Resident Professional and Graduate Programs Tuition 2023-24 Academic Year:

Table 3 - Resident Professional & Resident Graduate Programs Tuition 2023-24 Academic Year						
	Column (1)	Column (2)	Column (3)	Column (5)	Column (6)	Column (7)
Campus	2022-23 Tuition	Impact of Resident Increase	Additional 2023-24 Increase	Requested 2023-24 Tuition Increase (Decrease)	Requested 2023-24 Tuition	% Tuition Increase
Professional Programs						
UND School of Medicine	\$ 34,360	\$ -	\$ -	\$ -	\$ 34,360	0.00%
UND School of Law	15,252	-	-	-	15,252	0.00%
NDSU School of Pharmacy	18,825	-	-	-	18,825	0.00%
Graduate Programs						
UND - Physician Assistant (flat rate per semester)	22,951	-	-	-	22,951	0.00%
UND - Physical Therapy	21,671	-	-	-	21,671	0.00%
UND - Occupational Therapy	21,671	-	-	-	21,671	0.00%
UND - Nurse Anesthesia	18,450	-	-	-	18,450	0.00%
NDSU - Architecture	13,622	-	-	-	13,622	0.00%
Graduate Programs (Academic year at 18 credits, 9 per semester)						
DSU	6,060	-	-	-	6,060	0.00%
MaSU - Teaching	6,578	65.78	-	65.78	6,643	1.00%
MaSU - Nursing	8,615	86.15	-	86.15	8,701	1.00%
MiSU	7,014	-	-	-	7,014	0.00%
NDSU - Basic	7,585	-	-	-	7,585	0.00%
NDSU - Engineering	8,347	-	-	-	8,347	0.00%
NDSU - Nursing	9,037	-	-	-	9,037	0.00%
NDSU - Business	11,501	-	-	-	11,501	0.00%
NDSU - Public Health	15,793	-	-	-	15,793	0.00%
UND - Basic	8,972	-	-	-	8,972	0.00%
UND - Engineering	9,813	-	-	-	9,813	0.00%
UND - Nutrition, Dietetics, SW	9,122	-	-	-	9,122	0.00%
UND - Business	9,122	-	-	-	9,122	0.00%
UND - Aerospace	8,972	-	-	-	8,972	0.00%
UND - Accounting, Applied Economics	9,193	-	-	-	9,193	0.00%
UND - Public Health	15,793	-	-	-	15,793	0.00%
VCSU	6,605	-	-	-	6,605	0.00%

Table 4 – Non-Resident Professional and Graduate Programs Tuition 2023-24 Academic Year:

Table 4 - Non-Resident Professional & Non-Resident Graduate Programs Tuition 2023-24 Academic Year						
	Column (1)	Column (2)	Column (3)	Column (5)	Column (6)	Column (7)
Campus	2022-23 Tuition	Impact of Resident Increase	Additional 2023-24 Increase	Requested 2023-24 Tuition Increase (Decrease)	Requested 2023-24 Tuition	% Tuition Increase
Professional Programs						
UND School of Medicine	\$ 63,598	\$ -	\$ -	\$ -	\$ 63,598	0.00%
UND School of Law	30,505	-	-	-	30,505	0.00%
NDSU School of Pharmacy- MN	20,519	-	-	-	20,519	0.00%
NDSU School of Pharmacy	28,237	-	-	-	28,237	0.00%
Graduate Programs						
UND - Physician Assistant (flat rate per semester)	34,428	-	-	-	34,428	0.00%
UND - Physical Therapy	32,507	-	-	-	32,507	0.00%
UND - Occupational Therapy	32,507	-	-	-	32,507	0.00%
UND - Nurse Anesthesia	24,977	-	-	-	24,977	0.00%
NDSU - Architecture	20,560	-	-	-	20,560	0.00%
Graduate Programs (Academic year at 18 credits, 9 per semester)						
DSU	6,060	-	-	-	6,060	0.00%
MaSU - Teaching	6,578	65.78	-	65.78	6,643	1.00%
MaSU - Nursing	8,615	86.15	-	86.15	8,701	1.00%
MiSU	7,014	-	-	-	7,014	0.00%
NDSU - Basic	11,448	-	-	-	11,448	0.00%
NDSU - Engineering	12,597	-	-	-	12,597	0.00%
NDSU - Nursing	13,639	-	-	-	13,639	0.00%
NDSU - Business	17,357	-	-	-	17,357	0.00%
NDSU - Public Health	23,835	-	-	-	23,835	0.00%
UND - Basic	13,458	-	-	-	13,458	0.00%
UND - Engineering	14,719	-	-	-	14,719	0.00%
UND - Nutrition, Dietetics, SW	13,683	-	-	-	13,683	0.00%
UND - Business	13,683	-	-	-	13,683	0.00%
UND - Aerospace	13,458	-	-	-	13,458	0.00%
UND - Accounting, Applied Economics	13,790	-	-	-	13,790	0.00%
UND - Public Health	23,690	-	-	-	23,690	0.00%
VCSU	6,605	-	-	-	6,605	0.00%

2024-25 Tuition Increase Request: Summary of request.

No rate increases for most institutions in the 2024-25 academic year, except for BSC, MaSU, UND, and WSC, who are increasing high-cost differential undergraduate and graduate program rates by 1%. There are some small adjustments to the professional programs in comparison to the 2023-24 requested increases.

Tuition Increase-High School Students Enrolled in College Coursework

The campuses have agreed on a common structure for all high school students enrolled in college or university coursework. The agreed upon common high school tuition rates for FY24 are:

- Subsidized rate of \$83.89 per credit hour plus the CND and NDSA per credit hour fees; to be reviewed annually and adjusted, as needed.
- Unsubsidized rate of \$148.42 per credit hour plus the CND and NDSA per credit hour fees; to be reviewed annually and adjusted, as needed.

A 0% increase is requested for each year, FY24 and FY25 for both the unsubsidized and subsidized tuition rates for high school students enrolled in college coursework.

Table 5 - Resident High School Students Tuition					
	Column (1)	Column (2)	Column (3)	Column (4)	Column (5)
Campus	2022-23 Unsubsidized Tuition Rate per Credit Hour	2022-23 Subsidized Tuition Rate per Credit Hour	Requested Unsubsidized 2023-24 Rate Increase	Requested 2023-24 Unsubsidized Tuition Rate per Credit Hour	Requested 2023-24 Subsidized Tuition Rate per Credit Hour
BSC	\$ 148.42	\$ 83.89	0.00%	\$ 148.42	\$ 83.89
LRSC	148.42	83.89	0.00%	148.42	83.89
WSC	148.42	83.89	0.00%	148.42	83.89
NDSCS	148.42	83.89	0.00%	148.42	83.89
DCB	148.42	83.89	0.00%	148.42	83.89
DSU	148.42	83.89	0.00%	148.42	83.89
MaSU	148.42	83.89	0.00%	148.42	83.89
MiSU	148.42	83.89	0.00%	148.42	83.89
VCSU	148.42	83.89	0.00%	148.42	83.89
NDSU	148.42	83.89	0.00%	148.42	83.89
UND - Aviation	148.42	83.89	0.00%	148.42	83.89
High School Students also pay ConnectND fee of \$5.50 and NDSA fee of \$0.04 per credit.					
Table 5 - Resident High School Students Tuition					
	Column (1)	Column (2)	Column (3)	Column (4)	Column (5)
Campus	2023-24 Unsubsidized Tuition Rate per Credit Hour	2023-24 Subsidized Tuition Rate per Credit Hour	Requested 2024-25 Rate Increase	Requested 2024-25 Unsubsidized Tuition Rate per Credit Hour	Requested 2024-25 Subsidized Tuition Rate per Credit Hour
BSC	\$ 148.42	\$ 83.89	0.00%	\$ 148.42	\$ 83.89
LRSC	148.42	83.89	0.00%	148.42	83.89
WSC	148.42	83.89	0.00%	148.42	83.89
NDSCS	148.42	83.89	0.00%	148.42	83.89
DCB	148.42	83.89	0.00%	148.42	83.89
DSU	148.42	83.89	0.00%	148.42	83.89
MaSU	148.42	83.89	0.00%	148.42	83.89
MiSU	148.42	83.89	0.00%	148.42	83.89
VCSU	148.42	83.89	0.00%	148.42	83.89
NDSU	148.42	83.89	0.00%	148.42	80.66
UND - Aviation Program	148.42	83.89	0.00%	148.42	83.89
High School Students also pay ConnectND fee of \$5.50 and NDSA fee of \$0.04 per credit.					

State Board of Higher Education Budget Finance Committee Calendar

	Monthly events: <ul style="list-style-type: none"> • Approve policy and procedure requests • Approve facility requests • Approve capital requests
January	<ul style="list-style-type: none"> • Review NDUS Consolidated Annual Financial Report
February	<ul style="list-style-type: none"> • Review Tuition Waiver Report(even years)
March	<ul style="list-style-type: none"> • Mid-year budget status report <ul style="list-style-type: none"> ○ Approve mid-biennium updates to tuition rates and other budgetary items, if needed. • Annual room, board & fee reports <ul style="list-style-type: none"> ○ Approve fee requests exceeding 1% of tuition rate ○ Approve new course or program fees, if any. • Legislative update if in session • Review campus facility master plans
April	<ul style="list-style-type: none"> • Annual Student Affordability report(Apr.-June) • Review Annual Financial Review, including financial ratio analysis(Mar.-April) • Approve SBARE appointments – approve • Approve campus facility master plan changes
May	<ul style="list-style-type: none"> • Approve biennial budget guidelines (odd years only) • Approve biennial tuition rates.
June	<ul style="list-style-type: none"> • Approve biennial budget for SBHE & NDUS Office(even years only) • Approve executive salary recommendations(annual) • Approve NDUS legislative biennial budget request (even years only) • Approve NDUS legislative biennial capital projects request (even years only) • Approve ND/MN Reciprocity MOU • Review Tuition Waiver Report (odd years)
July	<ul style="list-style-type: none"> • No meeting, unless needed
August	<ul style="list-style-type: none"> • No meeting, unless needed
September	<ul style="list-style-type: none"> • Fall Enrollment Report
October	<ul style="list-style-type: none"> •
November	<ul style="list-style-type: none"> • Approve biennial room, board & fee guidelines
December	<ul style="list-style-type: none"> •

Title: Policy 302.3 Budget and Finance Committee

Proposed action: Approve/Deny the revised SBHE Policy 302.3 Budget and Finance Committee

Background information: Two things here:

- In section 2, the existing policy limits a voting member of the SBHE to serving no more than three consecutive one-year terms on the committee. This update removes that limitation.
- In section 4.i, the language is clarified to state information technology matters that have a significant financial impact on the NDUS will be brought before the budget and finance committee.

Financial matters: N/A

Legal/policy matters: N/A

Academic matters: N/A

Review Process:

Legal Review	3/27/2023	Recommends moving forward
Senior Staff	3/27/2023	Recommends moving forward
AAC	4/04/2023	Informational only
Admin	4/04/2023	Informational only
SAC	4/04/2023	Informational only
Cabinet	4/12/2023	Recommends moving forward

Chancellor's recommendation: Chancellor Hagerott recommends approval.

Committee Review

RGC	4/19/2023	
SBHE	4/27/2023	1 st Read, update section 4i, as discussed, have BFC review as informational and then to RGC for recommend to full Board for 2 nd reading
	5/23/2023	2 nd Read
BFC and RGC	5/17/2023	

Contact information:

Jerry Rostad, Vice Chancellor for Strategic Engagement, 701-969-9229, jerry.rostad@ndus.edu

NORTH DAKOTA
STATE BOARD OF HIGHER EDUCATION
Policy Manual

Policy: 302.3 Budget and Finance Committee

Effective: June 29, 2021

1. The SBHE budget and finance committee is established to ensure the NDUS fiscal stability and long-term economic health.
2. The budget and finance committee shall consist of no less than three voting members of the SBHE and the Chancellor shall serve, ex officio, as a non-voting member of the committee. The SBHE president will appoint committee members as well as the committee chair by June 30th of each year to serve one-year terms starting July 1st. ~~No voting member of the SBHE shall serve more than three consecutive terms and terms shall be staggered to ensure continuity of committee membership over the budget cycle.~~ The SBHE president may also appoint additional members to serve, ex officio, as non-voting members of the committee. If a vacancy on the committee occurs before June 30th, the SBHE president shall appoint a voting member of the SBHE to fill the vacancy not later than the next regular meeting of the SBHE after the vacancy occurs.
3. The budget and finance committee shall set a meeting schedule for the year at the committee's first meeting after July 1st. Meetings shall comply with all applicable laws, including the necessary posting of notice, the preparation of agendas in advance of meetings, and the recording of minutes for each meeting.
4. The committee is responsible for reviewing and recommending the following to the SBHE for approval:
 - a. Biennial budget guidelines, including tuition and fees that promote SBHE goals;
 - b. Biennial operating budget for the NDUS office and SBHE operations;
 - c. Biennial budget requests to the legislative and executive branches consistent with the SBHE's constitutional requirement to prepare "a single unified budget covering the needs of all institutions under its control";
 - d. Priorities for institution capital requests and the system-wide capital master plan;
 - e. Funding mechanisms and methodologies;
 - f. Allocation of funds directly appropriated to the SBHE;
 - g. Policies regarding human resources, finance and budget;
 - h. Changes to budget and financial related reporting provided to the committee or SBHE;

- i. ~~Suggestions on information technology matters that present~~ could have a significant financial impact ~~risk to on~~ the NDUS.
 - j. Major financial studies;
 - k. Retirement plan changes;
 - l. Proposed bond issues;
 - m. Proposed purchase, sale or exchange of real property;
 - n. Proposed development of state land;
 - o. Proposed significant change or expansion to capital projects; and
 - p. Proposed campus assessments exceeding ten thousand dollars.
5. The budget and finance committee shall be responsible for receiving budget and finance reports, including:
- a. Tuition waivers;
 - b. Financial review report;
 - c. Mid-year budget status report;
 - d. Student affordability; and,
 - e. Financial statements.

History: New policy, SBHE minutes, February 27, 2014; Amended, SBHE minutes, October 27, 2016; Amended, SBHE minutes, May 23, 2018; Amended, SBHE minutes, June 27, 2019; Amended, SBHE minutes, May 29, 2020; Amended, SBHE minutes, June 29, 2021.



CAPITAL BUILDING FUNDS

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Capital Building Fund History

- Historically, higher education capital projects and extraordinary repair projects were requested individually, with State Board of Higher Education approval, and considered by the legislature on a case-by-case basis for general fund appropriations.
- In 2019, the Legislature approved House Bill 1003 which created a funding mechanism called the Capital Building Fund. Dollars could be used for certain named capital projects, as well as extraordinary repair projects determined by the institution. To access this fund, institutions were required to provide matching dollars from their operations or other sources. The following chart details the 2019-21 NDUS capital building fund.

Capital Building Funds – 2019-21 Institution Allocations by Tier

3

SB2003, Section 6 - Capital Building Fund										
Tier I 2:1 match; Tier II 1:1 match; Tier III 2:1 match										
Total Capital Fund = \$80.3 million										
Tier I - Extraordinary Repairs				Tier II - Capital Building Fund			Tier III - Capital Building Fund			Totals
Institution	Base Funding Formula allocated to Extraordinary Repairs (General Funds)	2 for 1 Institution Match (Special Funds)	Tier I Appropriation & Required Match	Capital Building Fund (\$10M SIIF)	Institution Match at 1 to 1 (Special Funds)	Tier II Totals	Capital Building Fund (\$9M SIIF)	2 for 1 Match	Tier III Totals	
BSC	417,673	835,346	1,253,019	425,693	425,693	851,386	500,000	1,000,000	1,500,000	3,604,405
DCB	114,007	228,014	342,021	106,064	106,064	212,128	500,000	1,000,000	1,500,000	2,054,149
LRSC	155,367	310,734	466,101	177,375	177,375	354,750	500,000	1,000,000	1,500,000	2,320,851
NDSCS	1,012,379	2,024,758	3,037,137	500,695	500,695	1,001,390	500,000	1,000,000	1,500,000	5,538,527
WSC	197,801	395,602	593,403	137,947	137,947	275,894	500,000	1,000,000	1,500,000	2,369,297
DSU	409,078	818,156	1,227,234	268,862	268,862	537,724	500,000	1,000,000	1,500,000	3,264,958
MASU	358,992	717,984	1,076,976	240,029	240,029	480,058	500,000	1,000,000	1,500,000	3,057,034
MISU	899,620	1,799,240	2,698,860	572,801	572,801	1,145,602	500,000	1,000,000	1,500,000	5,344,462
VCSU	408,319	816,638	1,224,957	309,137	309,137	618,274	500,000	1,000,000	1,500,000	3,343,231
NDSU	2,732,244	5,464,488	8,196,732	2,899,596	2,899,596	5,799,192	2,250,000	4,500,000	6,750,000	20,745,924
UND	4,411,566	8,823,132	13,234,698	4,361,801	4,361,801	8,723,602	2,250,000	4,500,000	6,750,000	28,708,300
TOTAL	11,117,046	22,234,092	33,351,138	10,000,000	10,000,000	20,000,000	9,000,000	18,000,000	27,000,000	80,351,138

Capital Building Funds

- Over the 2019-21 interim, both the Higher Education Funding Formula Committee and Higher Education Committee studied this new funding mechanism. The committees made a few revisions to the original language and ultimately recommended a statutory fund be created, rather than keeping it in session law and drafted Senate Bill 2033.
- SB2033
 - Codifies the capital building fund for NDUS institutions of higher education to use for capital and extraordinary repair projects.
 - Creates the University System Capital Building Fund (CBF) and delineates eligible uses and matching requirements.
 - The Extraordinary repairs and CBF include three funding tiers, each with different match requirements. Tier I – which is funded in the NDUS’ biennial appropriation bill at \$11.7 million – can be used for extraordinary repair & deferred maintenance projects. Institutions must match each state dollar with two dollars from operations or other sources.
 - CBF Tier II & III dollars uses include projects specifically authorized by the legislature. Additionally, these funds could be used for extraordinary repair and deferred maintenance projects, but only after the institution has matched & committed 75% of its Tier I amount. Tier II funds require a 1:1 match, while Tier III requires a 2:1 match. Matching dollars can come from operations or other sources but cannot be from the remaining tiers or state funding provided for specific capital projects.

Capital Building Funds

5

□ SB2033

- Allows institutions to carryover unused CBF's for 2.5 biennia, or about 5.5 years, to allow longer-term capital planning to raise matching dollars.
- Uncommitted dollars and fund earnings as of January 1st of the 3rd biennium after the original appropriation are pooled and reallocated to other NDUS institutions with a 2:1 match requirement.
- Section 2 of the bill transfers remaining funds from the 2019-21 appropriation into the CBF at the end of the biennium(\$3.3 million).
- Section 3 provides a \$19 million appropriation for the 2021-23 biennium. (Legislature funded with SIIF funds).

□ 2023 HB1003 Changes:

- Section 4 -Extraordinary Repairs funding, match requirement changed from 2:1 to 1:1 for all institutions except NDSU and UND.
- Section 11 - Provides \$15 million in Tier II SIIF funds and \$9 million in Tier III SIIF funds.
- Section 12 - Authorizes capital building funds to be used on specified institution capital projects.
- Section 33 - Requires 75% committed use of tier I to access tier II & tier III funds and limits use of capital building funds to academic and student housing facilities that do not increase the overall square footage of a building.
- Section 40 – authorizes capital building funds for specified capital projects with exemption from matching requirement(LRSC-\$1M; WSC-\$0.6M; MaSU-\$2.3M; VCSU-\$1M & DCB-\$1M).

Tier I – Extraordinary Repairs

6

Tier I - 2021-23 Extraordinary Repairs and Match Requirement Projected as of June 30, 2023									
Institution	Appropriation	Projects 7/1/21-6/30/23	Balance Available	Original Required Match	Projects 7/1/21-6/30/23	Balance Available	Original Appropriation & Required Match	Projects 7/1/21-6/30/23	Balance Available
BSC	\$417,673	(\$417,673)	\$0	\$835,346	(\$835,346)	\$0	\$1,253,019	(\$1,253,019)	\$0
LRSC	\$155,367	(\$155,367)	\$0	\$310,734	(\$310,734)	\$0	\$466,101	(\$466,101)	\$0
WSC	\$197,801	(\$141,717)	\$56,084	\$395,602	(\$283,434)	\$112,168	\$593,403	(\$425,151)	\$168,252
UND	\$4,411,566	(\$4,411,566)	\$0	\$8,823,132	(\$8,823,132)	\$0	\$13,234,698	(\$13,234,698)	\$0
NDSU	\$2,732,244	(\$2,732,244)	\$0	\$5,464,488	(\$5,464,488)	\$0	\$8,196,732	(\$8,196,732)	\$0
NDSCS	\$1,012,379	(\$1,012,379)	\$0	\$2,024,758	(\$2,024,758)	\$0	\$3,037,137	(\$3,037,137)	\$0
DSU	\$409,078	(\$409,078)	\$0	\$818,156	(\$818,156)	\$0	\$1,227,234	(\$1,227,234)	\$0
MaSU	\$358,992	(\$358,992)	\$0	\$717,984	(\$717,984)	\$0	\$1,076,976	(\$1,076,976)	\$0
MiSU	\$899,620	(\$899,620)	\$0	\$1,799,240	(\$1,799,240)	\$0	\$2,698,860	(\$2,698,860)	\$0
VCSU	\$408,319	(\$408,319)	\$0	\$816,638	(\$816,638)	\$0	\$1,224,957	(\$1,224,957)	\$0
DCB	\$114,007	(\$114,007)	\$0	\$228,014	(\$228,014)	\$0	\$342,021	(\$342,021)	\$0
TOTAL	\$11,117,046	(\$11,060,962)	\$56,084	\$22,234,092	(\$22,121,924)	\$112,168	\$33,351,138	(\$33,182,885)	\$168,253

^{1/} Sources of matched dollars include the following: general fund and other appropriated operating funds; reserves; local and auxiliary funds; institution bonds; federal CRF/HEERF/ARPA funds.

Tier II – Capital Building Fund

7

Tier II - 2021-23 Capital Building Fund and Match Requirement

Projected as of June 30, 2023

Institution	Original Appropriation	Projects 7/1/21- 6/30/23	Balance Available	Original Required Match	Projects 7/1/21- 6/30/23	Balance Available	Original Appropriation & Required Match	Projects 7/1/21- 6/30/23	Balance Available
BSC	\$425,693	(\$425,693)	\$0	\$425,693	(\$425,693)	\$0	\$851,386	(\$851,386)	\$0
LRSC	\$177,375	\$0	\$177,375	\$177,375	\$0	\$177,375	\$354,750	\$0	\$354,750
WSC	\$137,947	\$0	\$137,947	\$0	\$0	\$0	\$137,947	\$0	\$137,947
UND	\$4,361,801	(\$4,361,801)	\$0	\$4,361,801	(\$4,361,801)	(\$0)	\$8,723,602	(\$8,723,602)	\$0
NDSU	\$2,899,596	(\$2,899,596)	\$0	\$2,899,596	(\$2,899,596)	\$0	\$5,799,192	(\$5,799,192)	\$0
NDSCS	\$500,695	(\$500,695)	\$0	\$500,695	(\$500,695)	\$0	\$1,001,390	(\$1,001,390)	\$0
DSU	\$268,862	(\$268,862)	\$0	\$268,862	(\$268,862)	\$0	\$537,724	(\$537,724)	\$0
MaSU	\$240,029	\$0	\$240,029	\$0	\$0	\$0	\$240,029	\$0	\$240,029
MiSU	\$572,801	(\$572,801)	\$0	\$572,801	(\$572,801)	\$0	\$1,145,602	(\$1,145,602)	\$0
VCSU	\$309,137	(\$200,000)	\$109,137	\$200,000	(\$200,000)	\$0	\$509,137	(\$400,000)	\$109,137
DCB	\$106,064	(\$106,064)	\$0	\$106,064	(\$106,064)	\$0	\$212,128	(\$212,128)	\$0
TOTAL	\$10,000,000	(\$9,335,512)	\$664,488	\$9,512,887	(\$9,335,512)	\$177,375	\$19,512,887	(\$18,671,024)	\$841,863

^{1/} Sources of matched dollars include the following: general fund and other appropriated operating funds; reserves; local and auxiliary funds; institution bonds; federal CRF/HEERF/ARPA funds.

Tier III – Capital Building Fund

8

Tier III - 2021-23 Capital Building Fund and Match Requirement
Projected as of June 30, 2023

Institution	Original Appropriation	Projects 7/1/21- 6/30/23	Balance Available	Original Required Match	Projects 7/1/21- 6/30/23	Balance Available	Original Appropriation & Required Match	Projects 7/1/21- 6/30/23	Balance Available
BSC	\$500,000	(\$500,000)	\$0	\$1,000,000	(\$1,000,000)	\$0	\$1,500,000	(\$1,500,000)	\$0
LRSC	\$500,000	(\$500,000)	\$0	\$0	\$0	\$0	\$500,000	(\$500,000)	\$0
WSC	\$500,000	\$0	\$500,000	\$0	\$0	\$0	\$500,000	\$0	\$500,000
UND	\$2,250,000	(\$2,250,000)	\$0	\$4,500,000	(\$4,500,000)	\$0	\$6,750,000	(\$6,750,000)	\$0
NDSU	\$2,250,000	(\$2,250,000)	\$0	\$4,500,000	(\$4,500,000)	\$0	\$6,750,000	(\$6,750,000)	\$0
NDSCS	\$500,000	(\$500,000)	\$0	\$1,000,000	(\$1,000,000)	\$0	\$1,500,000	(\$1,500,000)	\$0
DSU	\$500,000	(\$500,000)	\$0	\$1,000,000	(\$1,000,000)	\$0	\$1,500,000	(\$1,500,000)	\$0
MaSU	\$500,000	\$0	\$500,000	\$0	\$0	\$0	\$500,000	\$0	\$500,000
MiSU	\$500,000	(\$500,000)	\$0	\$1,000,000	(\$1,000,000)	\$0	\$1,500,000	(\$1,500,000)	\$0
VCSU	\$500,000	\$0	\$500,000	\$0	\$0	\$0	\$500,000	\$0	\$500,000
DCB	\$500,000	(\$500,000)	\$0	\$1,000,000	(\$1,000,000)	\$0	\$1,500,000	(\$1,500,000)	\$0
TOTAL	\$9,000,000	(\$7,500,000)	\$1,500,000	\$14,000,000	(\$14,000,000)	\$0	\$23,000,000	(\$21,500,000)	\$1,500,000

^{1/} Sources of matched dollars include the following: general fund and other appropriated operating funds; reserves; local and auxiliary funds; institution bonds; federal CRF/HEERF/ARPA funds.

Capital Building Fund Carryover from 2019-21

9

2019-21 Capital Building Fund Carryover to 2021-23 Biennium				
Institution	Tier II	Tier III	Expected 2021-23 Expenditures	Total Remaining
DSU	\$0	\$500,000	(\$500,000)	\$0
MaSU	\$240,029	500,000		\$740,029
MiSU	572,801	500,000	(1,072,801)	\$0
VCSU	-	415,945		\$415,945
DCB	106,064	500,000	(606,064)	\$0
TOTAL	\$918,894	\$2,415,945	(\$2,178,865)	\$1,155,974



THANK YOU!

5/17/2023

David Krebsbach, Vice Chancellor for
Administrative Affairs & CFO