



UND 2025-27 Budget Submission

December 2, 2024





Overview

- Trends
- UND budget proposal
- Cost reduction initiatives
- SMHS budget proposal



Environmental Trends

Workforce shortages in health professions and education

Impact of Artificial Intelligence on education and workforce

Student wellness and mental health

Growth of student debt

Continued inflationary impacts

National enrollment decreases with cliff in 2026

Increasing enrollment competition within the region


Evolving ethnic, racial, and religious diversity

National attention on free speech and campus protests





UND Trends

- Growth in enrollment of 8% year-over-year, including 25% increase in first-year students
 - First-year retention rate of 84%, highest in history
 - Research growth from \$110 million (FY20) to \$182M (FY23)
 - Intentional management of physical spaces
 - Reduction of square footage
 - Reduction of deferred maintenance
 - Consolidation of programs toward the historic quad
 - Significant use of non-appropriated funds
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Support for SBHE Budget Proposal

Statutory funding formula base budget

Reinstate **100% of base budget**

Continue **equity pay and retirement increases** from previous biennium

Support **annual merit pay increases** for each year of biennium

Support **NDUS system-wide additional requests**

(e.g., nursing education consortium, AI/high performance computing requests, inflation factor, workforce initiatives, student grants)



Unfunded Mandates for UND & SMHS, 2025-27

NDPERS closure ^{1,2,3}	\$4.6-\$5.7M biennially
Health insurance increases of 14% ^{1,2}	\$15.0M biennially
Insurance reserve fund ¹	\$1.39M biennially
Cost to continue 23-25 salary increases	\$10.3M biennially
ADA accessibility requirements ¹	substantial one-time

Note 1: The impact is not limited to NDUS but will affect all state agencies.

Note 2: Figures include estimate \$1M for NDPERS and \$2.8M for health insurance from General Fund

Note 3: Assumes ADEC calculation of 5.92% as presented last biennium.

Covering the tuition portion of these expenses and biennial merit increases would require a 5%-6% tuition increase at UND



Continuation and Growth of NDUS Initiatives

Continue **Challenge Grant Program** and increase funding to \$50M as proposed by Governor last session (up from \$20M)

Grow **Economic Diversification Research Fund** to \$25M (up from \$5.5M)

National Security Crossroads: UAS, counter-UAS, satellites, and cybersecurity; fund at \$36 million

Support the **Capital Building Funds Program** and fund at current (\$24M) or higher levels for Tier II and Tier III funds

Remove sunset clause for **State Energy Research Center** and increase biennial appropriation to \$10M (up from \$7.5M)



Additional NDUS Initiatives

Increase **ND State Grant** funding for all eligible students by \$1M

Create a **Higher Education Stabilization Fund**

Increase **Professional Student Exchange Program** by \$1.5M



Advocacy for State-wide Initiatives


Statewide **Artificial Intelligence** initiative

Native American repatriation fund for state agencies and tribal nations

State **emergency notification system** modernization




UND Capital Requests

- | | |
|-----------------------------------------------------------|-------------------------------|
| 1. STEM building Phase II | \$55.6M state + \$24M donor |
| <i>Legislative intent established in previous session</i> | |
| <hr/> | |
| 2. Health Professions Facilities Plan | \$83.4M state + \$35.8M donor |
| <hr/> | |
| 3. Flight Operations building | No state appropriation |
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UND and SMHS Cost Reduction Initiatives

- Cuts resulting from 2015-17 budget reductions and FY16 allotments
 - FTE reduced by 286 from FY15 through FY19 (10%)
 - Realigned tenure/non-tenure balance
 - Elimination of academic programs
 - Elimination of four sports
 - Adopted Responsibility Center Management (RCM) budgeting/resource allocation model
 - Demolition of aging facilities & reduction of deferred maintenance
 - Launched shared services for IT & finance, reduced duplication of effort
 - Developed key Public-Private Partnerships for steam and student housing
 - Revenue generation – expansion of online educational opportunities
 - Recent initiatives: IT network service contract saves \$13 million over 10 yrs
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Our Physical Spaces

GOALS

Reduce Gross Square Footage

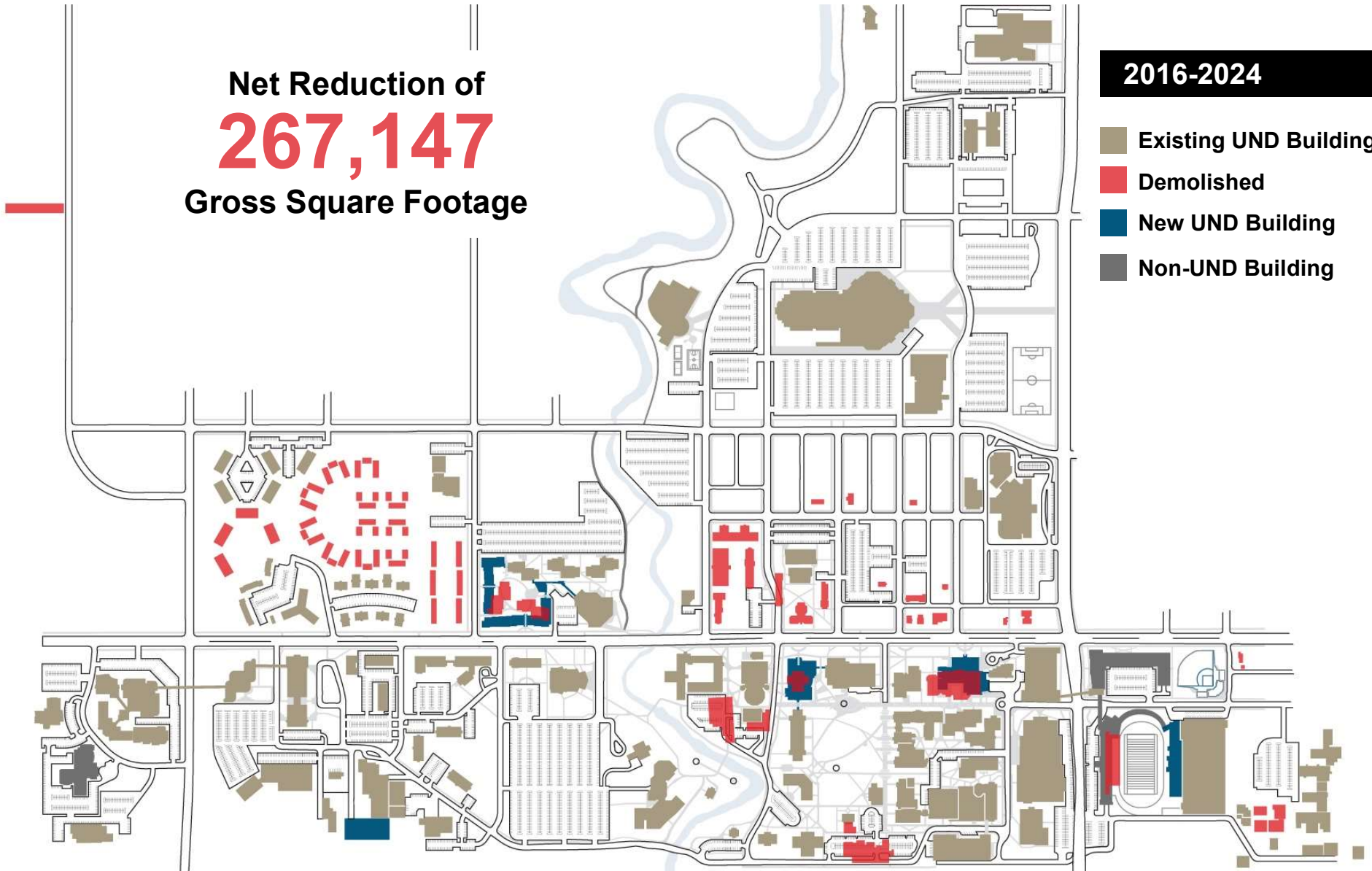
Reduce Deferred Maintenance

Consolidate Academic Programs to Historic Quad

Net Reduction of
267,147
Gross Square Footage

2016-2024

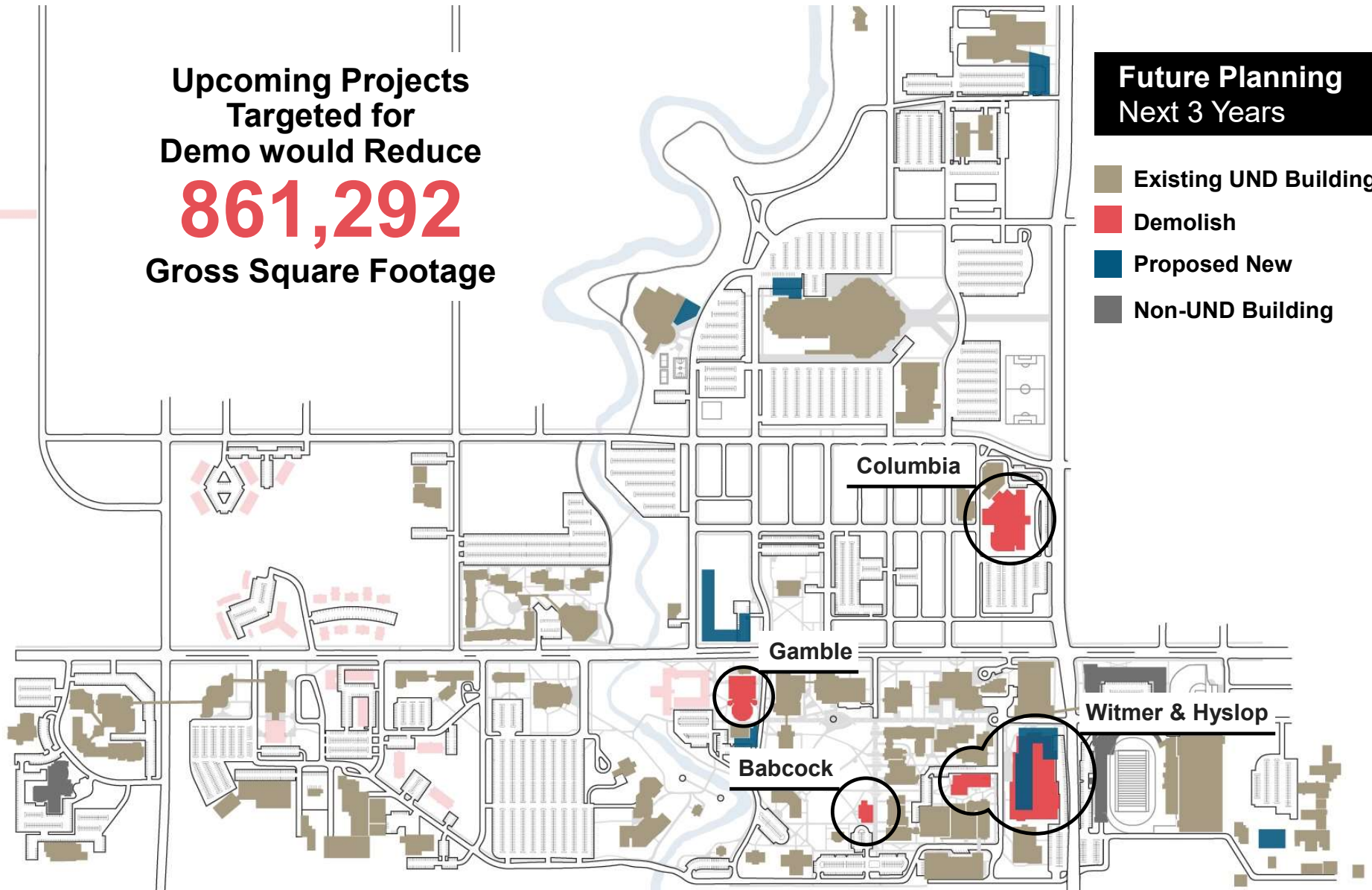
- Existing UND Building
- Demolished
- New UND Building
- Non-UND Building



Upcoming Projects
Targeted for
Demo would Reduce
861,292
Gross Square Footage

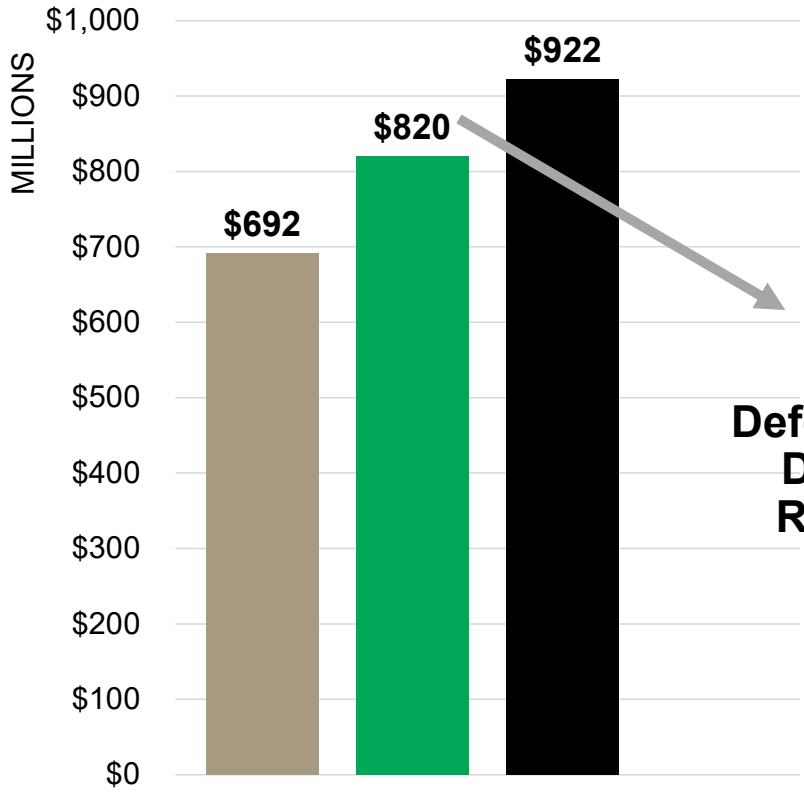
**Future Planning
Next 3 Years**

- Existing UND Building
- Demolish
- Proposed New
- Non-UND Building



2016-2024

10-Year Renewal Costs



■ 2016 ■ Current with reduced GSF
■ Current if UND had NOT reduced GSF due to inflation

11%
Decrease in
Deferred Maintenance
Due to 2016-2024
Reduction of GSF

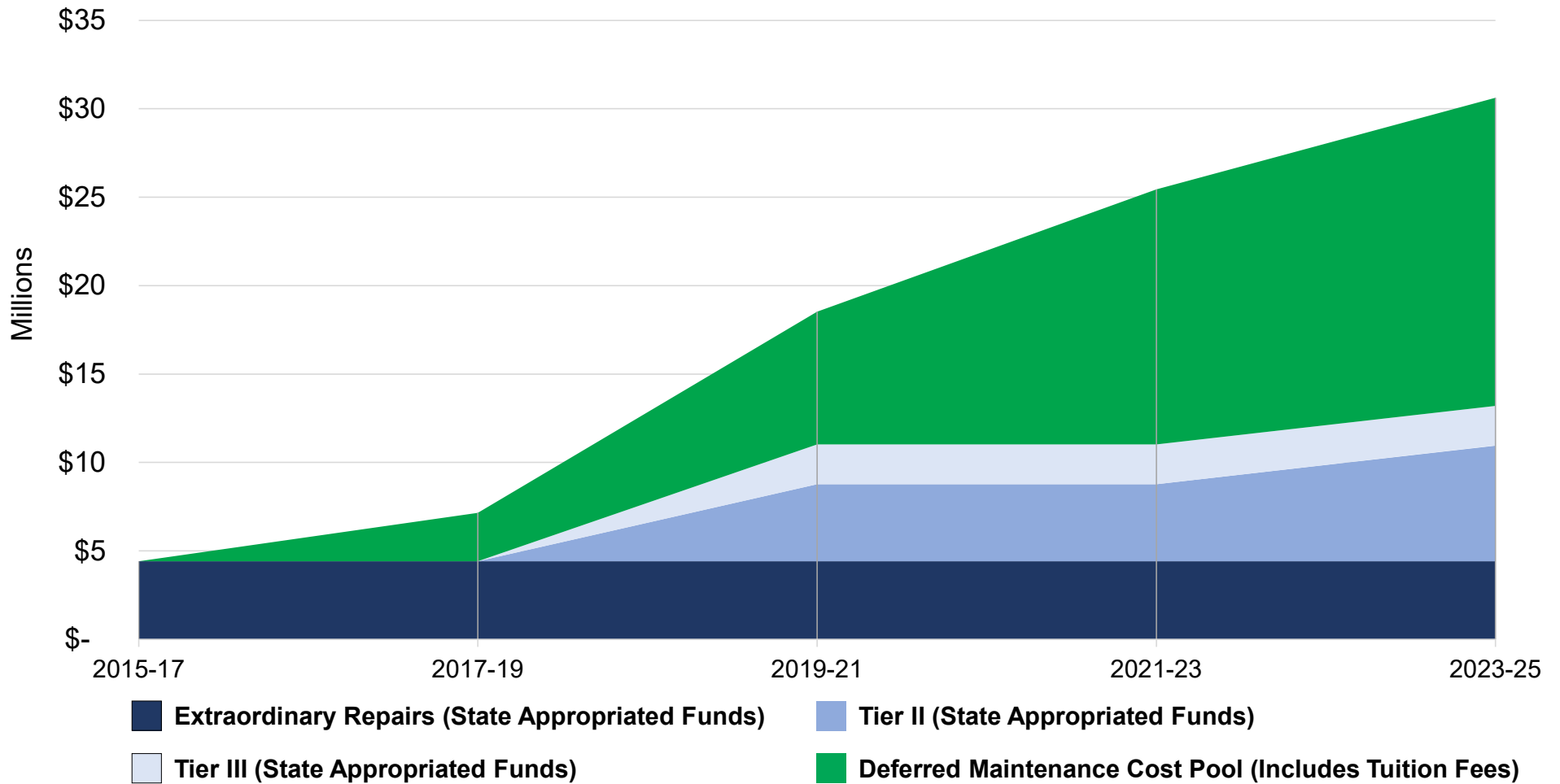
**Future Planning
Next 3 Years**

28%
Projected Decrease of
Deferred Maintenance from
Upcoming Projects Targeted
for Demo in Next 3 Years*

* If decommissioned in the next 3 years when inflation will be a minimal factor.

Deferred Maintenance Funds

By Biennium





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STEM Complex – Phase I



STEM Complex – Phase II



Flight Operations



Health Professions Addition