

INFORMATION REGARDING THE NORTH DAKOTA UNIVERSITY SYSTEM LONG-TERM FINANCING PLAN AND RELATED PEER INSTITUTIONS

The 1999-2000 Higher Education Roundtable made recommendations in several areas, including the recommendation that the State Board of Higher Education and the chancellor develop a long-term financing plan and a resource allocation model. As a result, the State Board of Higher Education contracted with the National Center for Higher Education Management Systems for assistance with the development of a long-term financing plan and resource allocation model. The board reviewed the recommendations of the National Center for Higher Education Management Systems and adopted a long-term financing plan consisting of base operating funding, incentive funding, and capital asset funding components.

BASE FUNDING COMPONENT

The base operating funding component of the long-term financing plan provides funding to each higher education institution to support core campus functions, such as instruction, research, and public service. The funding for each institution is based on the institution's current state general fund appropriation with general fund appropriation increases to address parity (or inflation) and equity.

The following is a summary of the State Board of Higher Education recommendations relating to the base operating funding component of the long-term financing plan and resource allocation model:

1. Establish peer comparator institutions for each higher education institution based on an agreed-upon selection criteria, including institution type, city size, Carnegie classification code, land grant institution or medical school, total full-time equivalent (FTE) students, total headcount enrollment, a percentage of part-time headcount, degrees awarded, degree program mix, and research expenditures.
2. Review national Integrated Postsecondary Education Data Systems (IPEDS) data on unrestricted state and local appropriations **and** net tuition revenues (total tuition revenue less scholarships, waivers, and discounts) on a per FTE student basis for each of the peer institutions.
3. Establish a base operating fund benchmark for each higher education institution based on the review of the state and local appropriations and net tuition revenues per student information. The benchmarks are to be reestablished every six years and, in the intervening years, are to be inflated by a percentage amount equivalent

to the consumer price index. The following is a summary of the base operating fund benchmarks as originally established by the State Board of Higher Education and the benchmarks as reported in the 2003 annual performance and accountability report:

Institution	Original Base Operating Fund Benchmark	Current Base Operating Fund Benchmark ¹
Bismarck State College	\$7,750	\$8,560
Dickinson State College	\$7,500	\$8,290
Lake Region State College	\$9,250	\$10,220
Mayville State University ²	\$9,000	\$9,940
Minot State University	\$8,500	\$9,390
Minot State University - Bottineau	\$9,000	\$9,940
North Dakota State University ³	\$10,500	\$11,600
State College of Science	\$8,500	\$9,390
University of North Dakota ⁴	\$13,250	\$14,640
Valley City State University ²	\$9,000	\$9,940
Williston State College	\$7,500	\$8,290

¹The base operating fund benchmarks were originally established by the State Board of Higher Education for 1998-99 data comparisons and have been **adjusted for inflation** using the annual change in the consumer price index--3.7 percent for June 2000, 3.2 percent for June 2001, 1.1 percent for June 2002, and 2.1 percent for June 2003.

²Revenue collected from technology fees has been subtracted from tuition collections.

³Funding appropriated for the Higher Education Computer Network (HECN), agriculture extension and experiment, and flood-related expenditures has been deducted from the institution's state appropriation.

⁴Funding appropriated for the HECN, Interactive Video Network, and the On-line Dakota Information Network has been deducted from the institution's state appropriation.

Attached is information regarding higher education institutions' fiscal year 2003 state appropriations and net tuition on a percentage of benchmark per FTE student as reported in the *3rd Annual Accountability Measures Report* published in the December 2003.

4. Establish shared funding percentages to reflect that higher education funding is to be a shared responsibility among stakeholders. The following is a summary of the shared funding percentages established by the board:

Institution	State Funding Responsibility	Student Funding Responsibility
Bismarck State College	75%	25%
Dickinson State University	70%	30%
Lake Region State College	75%	25%
Mayville State University	70%	30%
Minot State University	65%	35%
Minot State University - Bottineau	75%	25%

North Dakota State University	60%	40%
State College of Science	75%	25%
University of North Dakota	60%	40%
Valley City State University	70%	30%
Williston State College	75%	25%

5. Determine the recommended base operating funding levels for each institution based on taking into consideration the base operating fund benchmark, enrollment, and the recommended shared funding percentages.
6. Develop budget requests to move institutions currently funded at less than 85 percent of peer institution funding to 85 percent by the 2007-09 biennium and all institutions to 95 percent of peer institution funding by the 2013-15 biennium.
7. Allocate no more than 80 percent of all new state funding to parity or inflation and no less than 20 percent of the new funds to equity. The equity funding is to be distributed on a weighted average of each institution's gap differential to its peer comparator institutions.
8. State general fund appropriations should not be reduced for any institution from the previous biennium until such time that the

institution exceeds 105 percent of its peer benchmark or enrollment declines are sufficient to cause a reevaluation of its benchmark.

PEER INSTITUTION FUNDING SUMMARY

Pursuant to a request made at the committee's June 14-15, 2004, meeting, the following is a summary of **fiscal year 2002 state appropriations** for the peer comparator institutions for the North Dakota University System as reported in the IPEDS data base. Information regarding fall 2002 headcount enrollment is also provided for comparison purposes. As previously stated, the State Board of Higher Education reviews **state and local appropriations and net tuition** on a per student basis to determine base operating funding levels under the long-term financing plan. Therefore, the information presented in the following summary--fiscal year 2002 state appropriations--is only one of the items considered in the long-term financing plan.

Higher Education Institution	City/State	Fiscal Year 2002 State Appropriations ¹	Fall 2002 Headcount Enrollment
Bismarck State College	Bismarck, North Dakota	\$7,513,418	3,168
Iowa Valley Community College District	Marshalltown, Iowa	\$7,709,527	2,092
East Central Community College	Decatur, Mississippi	\$8,390,657	2,379
Northwest Shoals Community College	Muscle Shoals, Alabama	\$9,533,573	4,518
Hawkeye Community College	Waterloo, Iowa	\$9,849,174	4,956
Abraham Baldwin Agricultural College	Tifton, Georgia	\$13,100,066	3,032
Central Lakes College	Brainerd, Minnesota	\$14,513,800	3,240
North Idaho College	Coeur D'Alene, Idaho	\$14,920,482	4,222
SUNY College of Technology at Canton	Canton, New York	\$15,017,388	2,422
Ridgewater College	Willmar, Minnesota	\$16,900,032	3,989
Dakota State University	Madison, South Dakota	\$6,033,536	2,257
Dickinson State University	Dickinson, North Dakota	\$6,790,598	2,326
Glenville State College	Glenville, West Virginia	\$8,416,070	2,181
Indiana University - East	Richmond, Indiana	\$8,634,083	2,481
University of Maine at Farmington	Farmington, Maine	\$9,130,000	2,399
West Liberty State College	West Liberty, West Virginia	\$10,522,627	2,491
University of Arkansas at Monticello	Monticello, Arkansas	\$11,401,081	2,482
University of South Carolina at Aiken	Aiken, South Carolina	\$11,790,815	3,416
Shawnee State University	Portsmouth, Ohio	\$14,023,513	3,606
Lewis-Clark State College	Lewiston, Idaho	\$20,955,579	3,108
West Shore Community College	Scottville, Michigan	\$2,382,344	1,334
Lake Region State College	Devils Lake, North Dakota	\$2,462,157	1,340
Kirtland Community College	Roscommon, Michigan	\$3,058,415	1,496
Cecil Community College	North East, Maryland	\$3,214,251	1,647
Brunswick Community College	Supply, North Carolina	\$4,607,792	1,017
Paul D. Camp Community College	Franklin, Virginia	\$5,213,371	1,547
Sampson Community College	Clinton, North Carolina	\$5,620,864	1,602
Carteret Community College	Morehead City, North Carolina	\$6,083,572	1,704
Clatsop Community College	Astoria, Oregon	Not available	1,714
Bluffton College ²	Bluffton, Ohio	\$0	1,110
Concordia University ²	Irvine, California	\$0	1,800
Greensboro College ²	Greensboro, North Carolina	\$0	1,205

Higher Education Institution	City/State	Fiscal Year 2002 State Appropriations ¹	Fall 2002 Headcount Enrollment
Houghton College ²	Houghton, New York	\$0	1,396
Lyndon State College	Lyndonville, Vermont	\$3,825,800	1,315
Mayville State University	Mayville, North Dakota	\$4,083,011	746
Western Montana College - University of Montana	Dillon, Montana	\$4,436,578	1,142
Valley City State University	Valley City, North Dakota	\$5,508,570	1,022
Dakota State University	Madison, South Dakota	\$6,033,536	2,257
University of Maine at Presque Isle	Presque Isle, Maine	\$6,080,000	1,560
Oklahoma Panhandle State University	Goodwell, Oklahoma	\$6,502,319	1,226

Higher Education Institution	City/State	Fiscal Year 2002 State Appropriations ¹	Fall 2002 Headcount Enrollment
Minot State University	Minot, North Dakota	\$12,822,364	3,625
University of Montevallo	Montevallo, Alabama	\$14,785,279	2,935
East Central University	Ada, Oklahoma	\$16,329,445	4,353
Mansfield University of Pennsylvania	Mansfield, Pennsylvania	\$18,627,940	3,368
Delta State University	Cleveland, Mississippi	\$20,192,047	3,827
Albany State University	Albany, Georgia	\$20,837,257	3,557
Southwestern Oklahoma State University	Weatherford, Oklahoma	\$21,016,790	5,022
Midwestern State University	Wichita Falls, Texas	\$21,897,745	6,218
University of Michigan - Flint	Flint, Michigan	\$24,068,100	6,434
Eastern New Mexico University - Main Campus	Portales, New Mexico	\$24,127,300	3,607
Miles Community College	Miles City, Montana	\$1,438,797	480
Minot State University - Bottineau	Bottineau, North Dakota	\$2,056,442	609
Warren County Community College	Washington, New Jersey	\$2,169,265	1,129
Garrett College	McHenry, Maryland	\$2,647,543	635
Ozarka College	Melbourne, Arkansas	\$2,755,438	1,004
Rich Mountain Community College	Mena, Arkansas	\$2,842,068	1,102
Clarendon College	Clarendon, Texas	\$2,843,000	973
Martin Community College	Williamston, North Carolina	\$4,169,575	777
Feather River Community College District	Quincy, California	\$5,198,638	1,593
University of Pittsburgh - Titusville	Titusville, Pennsylvania	Not available	503
North Dakota State University	Fargo, North Dakota	\$63,599,560	11,146
University of Alaska Fairbanks	Fairbanks, Alaska	\$97,008,219	7,661
University of Wyoming	Laramie, Wyoming	\$109,686,440	12,745
University of Idaho	Moscow, Idaho	\$121,546,232	12,424
New Mexico State University - Main Campus	Las Cruces, New Mexico	\$126,394,160	15,243
Utah State University	Logan, Utah	\$129,039,443	22,848
Oregon State University	Corvallis, Oregon	\$138,344,466	18,764
Clemson University	Clemson, South Carolina	\$155,453,023	16,876
University of Arkansas - Main Campus	Fayetteville, Arkansas	\$157,774,254	15,995
Kansas State University	Manhattan, Kansas	\$166,006,382	22,762
Central Carolina Technical College	Smuter, South Carolina	\$7,026,595	3,265
Indian Hills Community College	Ottumwa, Iowa	\$11,213,616	3,693
State College of Science	Wahpeton, North Dakota	\$11,725,195	2,439
Saint Paul Technical College	St. Paul, Minnesota	\$13,885,692	5,137
Oklahoma State University - Okmulgee	Okmulgee, Oklahoma	\$14,218,641	2,679
SUNY College of Technology at Canton	Canton, New York	\$14,755,320	2,422
North Idaho College	Coeur D'Alene, Idaho	\$14,920,482	4,222
SUNY College of Technology at Alfred	Alfred, New York	\$20,183,855	3,296
Texas State Technical College - Harlingen	Harlingen, Texas	\$21,198,990	4,073
Northwest Technical College - Bemidji	Bemidji, Minnesota	\$21,527,273	5,105
University of North Dakota	Grand Forks, North Dakota	\$63,865,120	12,423
University of Missouri - Kansas City	Kansas City, Missouri	\$74,170,026	13,881
Wright State University - Main Campus	Dayton, Ohio	\$91,646,664	14,397
Ohio University - Main Campus	Athens, Ohio	\$122,818,512	20,548
University of Nevada - Reno	Reno, Nevada	\$135,128,091	15,093
University of Louisville	Louisville, Kentucky	\$154,656,000	20,416
Southern Illinois University - Carbondale	Carbondale, Illinois	\$171,095,920	21,873
University of South Carolina at Columbia	Columbia, South Carolina	\$188,630,842	25,140
West Virginia University	Morgantown, West Virginia	\$195,639,272	23,492
SUNY at Buffalo	Buffalo, New York	\$322,241,616	26,168
Bluffton College ²	Bluffton, Ohio	\$0	1,110
Concordia University ²	Irvine, California	\$0	1,800
Greensboro College ²	Greensboro, North Carolina	\$0	1,205
Houghton College ²	Houghton, New York	\$0	1,396
Lyndon State College	Lyndonville, Vermont	\$3,825,800	1,315
Mayville State University	Mayville, North Dakota	\$4,083,011	746
Western Montana College - University of Montana	Dillon, Montana	\$4,436,578	1,142
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University of Maine at Presque Isle	Presque Isle, Maine	\$6,080,000	1,560
Oklahoma Panhandle State University	Goodwell, Oklahoma	\$6,502,319	1,226
Miles Community College	Miles City, Montana	\$1,438,797	480
West Shore Community College	Scottville, Michigan	\$2,382,344	1,334
Williston State College	Williston, North Dakota	\$2,495,661	770
Lurleen B. Wallace Junior College	Andalusia, Alabama	\$3,094,782	762
University of Arkansas Community College at Morrilton	Morrilton, Arkansas	\$3,985,857	1,512
McDowell Technical Community College	Marion, North Carolina	\$4,991,175	1,230
Feather River Community College District	Quincy, California	\$5,198,638	1,593
Iowa Valley Community College District	Marshalltown, Iowa	\$7,555,605	2,092
Northwest Community College	Powell, Wyoming	\$7,640,090	1,626
East Central Community College	Decatur, Mississippi	\$8,390,657	2,379
¹ The state appropriation amounts reported are funds appropriated for support of institutional operations and the amounts do not include funds provided for maintenance and replacement of facilities and infrastructure.			
² This is a private higher education institution; therefore, the institution does not receive a state appropriation.			

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