

**North Dakota University System Office
Budget 215
House Bill No. 1003, Senate Bill No. 2015**

	FTE Positions	General Fund	Other Funds	Total
1999-2001 legislative appropriation	18.50	\$11,773,288	\$4,933,900	\$16,707,188
1997-99 legislative appropriation	<u>17.50</u>	<u>11,506,610</u>	<u>3,604,886</u>	<u>15,111,496</u>
1999-2001 appropriation increase (decrease) to 1997-99 appropriation	1.00	\$266,678	\$1,329,014	\$1,595,692

NOTE: The 1999-2001 appropriation amounts include \$664 from the general fund for the agency's share of the \$1.4 million funding pool appropriated to the Office of Management and Budget (OMB) for assisting agencies in providing the \$35 per month minimum salary increases in July 1999 and July 2000, and \$8,320 from the general fund for the agency's share of the \$2,630,992 critical salary funding pool appropriated to the North Dakota University System to address additional salary increases beyond legislative appropriations for market and equity raises.

Item Description

Technology pool - The Legislative Assembly removed technology funding from the University of North Dakota and the North Dakota State University appropriations to create a technology pool of \$21,948,467 appropriated to the North Dakota University System. The appropriation for technology funding was to be allocated to institutions based on guidelines contained in Section 15 of House Bill No. 1003. The guidelines provide that allocations are to be made based on historic funding, the Higher Education Computer Network (HECN) strategic plan, base funding for Higher Education Computer Network computer center operations, and base funding for Interactive Video Network (IVN) and On-line Dakota Information Network (ODIN) operations.

Critical salary pool - The Legislative Assembly transferred critical salary funding of \$2,630,992 from the North Dakota University System office appropriation to the North Dakota University System appropriation. The appropriation for critical salaries was to be allocated to institutions based on guidelines contained in Section 16 of House Bill No. 1003. The guidelines provide that the State Board of Higher Education shall allocate funds to address additional salary increases beyond legislative appropriations for market and equity issues.

Status/Result

The following table compares the technology amounts transferred by the Legislative Assembly from the individual institution budgets to the technology pool in comparison to the amounts allocated from the pool to the institutions by the State Board of Higher Education:

	Amounts Removed From Budget Requests and Pooled by Legislative Assembly	Board Allocations From Pool	Variance
University of North Dakota	\$12,291,515	\$12,269,094	\$22,421
North Dakota State University	9,656,952	9,679,373	(22,421)
Total general fund	\$21,948,467	\$21,948,467	\$0

The critical salary pool funding was allocated to institutions based on an institution's relative position to the funding necessary to increase salaries and wages closer to the regional average.

The following table shows the State Board of Higher Education allocation of the critical salary pool funding to the institutions:

Bismarck State College	\$76,511
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Lake Region State College	23,641
Williston State College	31,004
University of North Dakota	977,435
North Dakota State University	763,016
State College of Science	116,893
Dickinson State University	84,058
Mayville State University	55,163
Minot State University	166,473
Valley City State University	65,670
Minot State University - Bottineau	19,828
University System office	8,320
UND School of Medicine and Health Sciences	231,159
Forest Service	11,821
Total general fund	\$2,630,992

Equity and special needs pool - The Legislative Assembly removed a portion of each institution's salaries and wages appropriation and combined that with funds from the general fund to provide a total of \$4,290,128 to the North Dakota University System for equity and special needs. The appropriation is to be allocated to each of the institutions based on guidelines contained in Section 17 of House Bill No. 1003. The guidelines provide that the State Board of Higher Education allocate the funds to address equity funding issues and special academic program needs of the entities under its control.

The equity and special needs funding was allocated to institutions based on an institution's relative position to move closer to receiving 100 percent funding according to funding formulas developed by the North Dakota University System and based on an institution's cost per student.

The following table shows the State Board of Higher Education allocation of equity and special needs pool funding to the institutions:

Bismarck State College	\$334,250
Lake Region State College	103,980
Williston State College	253,577
University of North Dakota	883,116
North Dakota State University	1,222,951
State College of Science	520,917
Dickinson State University	394,659
Mayville State University	51,603
Minot State University	183,722
Valley City State University	204,193
Minot State University - Bottineau	137,160
Total general fund	\$4,290,128

Contingency and capital improvements fund - The Legislative Assembly provided \$398,000 from the general fund for a contingency fund.

The North Dakota University System had a carryover balance of \$69,000 from the 1997-99 biennium contingency appropriation. The carryover, along with the 1999-2001 appropriation of \$398,000, results in \$467,000 being available for contingency and capital improvement allocations.

As of April 14, 2000, the State Board of Higher Education has allocated \$232,036, \$32,036 to the University of North Dakota for the entrepreneurship program and \$200,000 to the North Dakota University System office for funding for the state scholar's program. There is a balance of \$234,964 available for the remainder of the biennium.

Disabled student services - The Legislative Assembly provided \$26,560 from the general fund for disabled student services on campuses.

The State Board of Higher Education has allocated \$11,420 to the University of North Dakota and \$15,140 to Lake Region State College for interpreting services.

Board initiatives - The Legislative Assembly provided \$2,296,000, \$796,000 from the general fund and \$1.5 million from other funds, for board initiatives.

The following table shows the commitments approved by the State Board of Higher Education as of April 14, 2000:

Midwestern Regional Higher Education Compact dues for 1999-2000	\$75,000
Midwestern Regional Higher Education Compact dues for 2000-01	75,000
Interim higher education study ¹	40,000
Community college consortium	30,000
Information Technology Council of North Dakota membership	2,000
Common course numbering	100,000
Entrepreneurship program (UND)	32,036
Higher Education Computer Network data base platform and data warehouse	1,200,000
Higher Education Computer Network staffing and administrative expenses associated with implementation of distance education demonstration project	190,000
On-line course development training	20,000
Total	\$1,744,036

¹ The North Dakota University System office also allotted \$20,000 from its appropriation for the interim higher education study providing the total funding of \$60,000 for the study.

Minnesota reciprocity payments - The reciprocity agreement between Minnesota and North Dakota requires students from one state attending school in the other state to pay the higher of the two states' tuition rates. Currently, Minnesota students attending North Dakota institutions pay the Minnesota resident rate, and North Dakota students attending a Minnesota campus pay the Minnesota resident rate. In addition, a cash payment is made by the state of Minnesota to reimburse North Dakota for the net additional Minnesota students that attend North Dakota campuses.

The total reciprocity payments for the 1998-99 academic year were estimated to be \$4,040,832. With the final payment for the 1998-99 academic year received in January 2000, the actual reciprocity payments received totaled \$2,656,787, \$1,384,045 less than estimated.

Two factors contributed to the less than estimated 1998-99 academic year payments:

- The state of Minnesota discovered they had not been including in their reciprocity enrollment figures the North Dakota students who had received a failing grade or those students who were on the pass/fail grading system. Including these students resulted in an increase in North Dakota students enrolled in Minnesota by over 200 students.
- The enrollment of North Dakota residents at Minnesota campuses increased.

Both of these factors caused a decrease in the gap between Minnesota students attending North Dakota campuses and North Dakota students attending Minnesota campuses, which resulted in a reduced cash payment.

The decrease in reciprocity revenue affects the funding levels of the state grant program and the scholar's program for the 1999-2001 biennium. For the state grant program, 3,705 awards were made for the 1999-2000 academic year totaling approximately \$2.2 million. Due to the reduced reciprocity payment, the state of North Dakota was unable to meet the three-year maintenance-of-effort requirement on the federal funds received in support of

the program, which resulted in the loss of \$70,000 in federal funds. The reduced funding will result in approximately \$800,000, 1,340 awards, being available for the 2000-01 academic year.

For the scholar's program, 147 awards were made for the 1999-2000 academic year, 39 new freshmen and 108 continuing students. Due to the reduced reciprocity payment, the North Dakota University System office estimated that the funding available would be equivalent to 65 scholar's awards. The State Board of Higher Education committed \$200,000 from the North Dakota University System office board initiative appropriation to the scholar's program in order to fund continuing students and 25 new freshmen for the 2000-01 academic school year.