

**North Dakota University System Office
Budget 215
Senate Bill No. 2003**

| | FTE Positions | General Fund | Other Funds | Total |
|---|----------------------|---------------------|--------------------|--------------|
| 2001-03 legislative appropriation | 20.00 | \$26,878,595 | \$3,716,822 | \$30,595,417 |
| 1999-2001 legislative appropriation | 20.00 | 11,773,288 | 4,933,900 | 16,707,188 |
| 2001-03 appropriation increase (decrease) to 1999-2001 appropriation | 0.00 | \$15,105,307 | (\$1,217,078) | \$13,888,229 |

Item Description

Technology pool - The Legislative Assembly provided technology funding of \$26,938,419 from the general fund in a technology pool to be allocated by the State Board of Higher Education based on the provisions of Section 12 of Senate Bill No. 2003. Section 12 provides that the technology pool funding allocations are to be made based on historic funding, the North Dakota University System information technology plan, the statewide network plan, base funding for Higher Education Computer Network (HECN) computer center operations, and base funding for Interactive Video Network (IVN) and On-line Dakota Information Network (ODIN) operations.

Status/Result

The following table shows the State Board of Higher Education allocation of the technology pool funding:

| | University of North Dakota | North Dakota State University | Minot State University | Total |
|--|-----------------------------------|--------------------------------------|-------------------------------|---------------------|
| Base funding for HECN, IVN, ODIN, and campus computer centers | \$12,473,762 | \$9,752,163 | | \$22,225,925 |
| Funding for Internet I, Internet II, and other network costs | 600,000 | 600,000 | | 1,200,000 |
| Increased equipment lease costs | 108,510 | 108,510 | | 217,020 |
| Costs associated with the implementation of the statewide information technology network | 2,797,274 | | \$498,200 | 3,295,474 |
| Total | \$15,979,546 | \$10,460,673 | \$498,200 | \$26,938,419 |

Equity and special needs pool - The Legislative Assembly provided funding from the general fund of \$4,628,824 for an equity and special needs pool to be allocated by the State Board of Higher Education based on the provisions of Section 13 of Senate Bill No. 2003. Section 13 provides that the equity and special needs pool funding allocations are to be made to address equity and parity funding needs and to support new initiatives or program costs consistent with the State Board of Higher Education and statewide needs. The equity and special needs pool is designated to be for the benefit of Bismarck State College, Lake Region State College, Williston State College, University of North Dakota, North Dakota State University, State College of Science, Dickinson State University, Mayville State University, Minot State University, Valley City State University, Minot State University - Bottineau, Forest Service, and the University of North Dakota School of Medicine and Health Sciences.

The State Board of Higher Education allocated \$3,703,000, approximately 80 percent, of the equity and special needs pool to institutions to address equity based on the University System's long-term financing plan. The remaining funding of \$925,824 was allocated by the State Board of Higher Education to institutions for specific campus initiatives and programs.

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

| | Equity | Campus Initiatives | Total |
|--|---------------|---------------------------|--------------|
| Bismarck State College | \$419,694 | \$140,000 | \$559,694 |
| Lake Region State College | 150,502 | | 150,502 |
| Williston State College | 34,433 | 110,000 | 144,433 |
| University of North Dakota | 1,113,460 | 116,056 | 1,229,516 |
| UND School of Medicine and Health Sciences | 206,094 | 15,932 | 222,026 |

| | | | |
|------------------------------------|--------------------|------------------|--------------------|
| North Dakota State University | 1,481,649 | 18,012 | 1,499,661 |
| State College of Science | 0 | 135,000 | 135,000 |
| Dickinson State University | 114,760 | 95,000 | 209,760 |
| Mayville State University | 0 | 0 | 0 |
| Minot State University | 142,371 | 137,500 | 279,871 |
| Valley City State University | 0 | 89,000 | 89,000 |
| Minot State University - Bottineau | 40,037 | 69,324 | 109,361 |
| Total general fund | \$3,703,000 | \$925,824 | \$4,628,824 |

Contingency and capital improvements fund - The Legislative Assembly provided \$344,309 from the general fund for contingencies and capital improvement emergencies.

Disabled student services - The Legislative Assembly provided \$51,560 from the general fund for disabled student services on campuses.

Board initiatives - The Legislative Assembly provided \$1,370,797 from the general fund for board initiatives.

As of March 25, 2002, the State Board of Higher Education has allocated \$125,000 to Valley City State University for emergency boiler repair.

The State Board of Higher Education has not yet allocated the funding provided for disabled student services.

Due to unexpended 1999-2001 biennium board initiative appropriation carryover authority of \$210,819, the total amount of board initiative funding available for the 2001-03 biennium is \$1,581,616.

The following table shows the commitments approved by the State Board of Higher Education as of March 11, 2002:

| | | |
|--|-----------|--------------------|
| Board initiative funding available | | \$1,581,616 |
| Allocations | | |
| Articulation and transfer initiative - State College of Science | \$100,000 | |
| HECN 24-hour help desk - North Dakota State University | 200,000 | |
| Accountability surveys and report - North Dakota University System office | 201,500 | |
| Student Progress Achievement Research Cooperative (SPARC) - North Dakota University System office | 20,000 | |
| Arts and humanities summit - University of North Dakota | 25,000 | |
| Statewide needs assessment - North Dakota University System office | 80,000 | |
| State Board of Higher Education professional development and self-assessment - North Dakota University System office | 10,000 | |
| Other State Board of Higher Education action plan initiatives - North Dakota University System office | 45,000 | |
| Community college consortium - Williston State College | 30,000 | |
| System diversity initiative - North Dakota University System office | 50,000 | |
| ODIN software replacement - University of North Dakota | 250,000 | |
| Total allocations | | \$1,011,500 |

Education incentive programs - The Legislative Assembly provided \$830,000 from the general fund for education incentive programs. The funding is for incentives to encourage additional doctoral graduates (\$60,000), for teacher retraining scholarships and a teacher student loan forgiveness program (\$370,000), and for a technology occupations student loan program authorized in House Bill No. 1283 (\$400,000).

In regard to the incentives to encourage additional doctoral graduates, the State Board of Higher Education allocated \$30,000 to the University of North Dakota and \$30,000 to North Dakota State University for increasing the number and amount of doctoral stipends to encourage additional doctoral graduates.

In regard to teacher retraining scholarships, the State Board of Higher Education allocated \$120,000 for the establishment of a teacher retraining scholarship program to encourage elementary and secondary interim emergency licenseholders to complete an approved North Dakota Education Standards and Practices Board plan of study to qualify for full teaching licensure. To qualify for the program, an individual must hold an Education Standards and Practices Board interim emergency license and provide an approved Education Standards and Practices Board degree plan of study. The individuals who are awarded scholarships are eligible to receive tuition and mandatory fees reimbursement for courses needed to complete their interim emergency licensure obligation. Individuals may also receive an additional \$2,000 scholarship for up to two terms if the individual carries 12 or more undergraduate credits per term or 9 or more graduate credits per term. Individuals must apply or reapply every term for new or continued funding. The application deadlines for the program are September 5 for the fall term, January 5 for the spring term, and June 5 for the summer term. As of March 13, 2002, the North Dakota University System office has received five applications for the spring 2002 semester and anticipates awarding the scholarships within the term.

In regard to teacher student loan forgiveness, the State Board of Higher Education allocated \$250,000 for the establishment of a teacher shortage student loan forgiveness program to reduce student loan indebtedness for individuals teaching in North Dakota at grade levels or in content areas identified by the Department of Public Instruction as having a teacher shortage. To qualify for the program, an individual must be licensed by the Education Standards and Practices Board in North Dakota, hold a contract to teach a full academic year, teach in a defined teacher shortage area in North Dakota, and have a student loan that has not been defaulted on. Individuals selected to receive a student loan forgiveness payment are eligible to receive \$1,000 per year for each consecutive year the individual has taught in a teacher shortage area up to a maximum of five years or \$5,000. The application deadline for the program is June 30 for the teaching contract year just completed, and eligible applicants will be paid by July 30 of each year. As of March 13, 2002, the North Dakota University System office has received 40 applications for the program.

In regard to technology occupations student loan forgiveness, the State Board of Higher Education allocated \$400,000 for the establishment of a

technology occupations student loan program as authorized in House Bill No. 1283. The program is to encourage college students to pursue technology-based studies, participate in technology internship programs, and remain in the state after graduation. To qualify for the program, an individual must have graduated from a college approved by the State Board of Higher Education, successfully completed a technology-related program approved by the State Board of Higher Education, maintained at least a 3.0 grade point average, actively participated in a technology internship, have a student loan with the Bank of North Dakota, and be employed in the state in a technology occupation following graduation. The individuals selected to receive a student loan grant may receive a maximum of \$1,000 per year of employment up to a maximum of five years. The application deadline for the program is June 30 of the year the applicant has met all the requirements. Eligible applicants will be paid by July 30 of each year. As of March 13, 2002, the North Dakota University System office has received one application for the program.

The North Dakota University System office has decreased the estimated Minnesota reciprocity payments for the 2001-03 biennium by \$1,106,096, from \$1,338,150 to \$232,054, due to significant tuition increases in Minnesota.

The reciprocity payment from Minnesota is based on the marginal cost of education per student less the tuition paid by the Minnesota student. Therefore, with approximately 12 percent Minnesota tuition rate increases for the 2001-02 school year and approximately 10 percent increases for the 2002-03 school year, the Minnesota students are paying a larger share of the marginal cost of education and the state of North Dakota received a smaller reciprocity payment from Minnesota. The North Dakota University System does not anticipate receiving a Minnesota cash payment for fiscal year 2002-03 or for the 2003-05 biennium.

The decrease in reciprocity payments affects the funding level of the state grant program for the 2001-03 biennium. Based on the revised payment estimate, the state grant program will have funding of \$2,962,269 for the 2001-03 biennium, a decrease of \$1,260,762 from the legislative appropriation of \$4,223,031. The revised funding is estimated to provide 2,500 grants per year, a decrease of 1,000 grants per year from the 3,500 grants per year estimated to be provided with the legislative appropriation of \$4,223,031.

In December 2001 the University System released its first annual higher education performance and accountability report. The report does not contain findings for all measures. Information regarding the remaining measures will be included in the 2002 or 2003 annual report.

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' resident 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.

University System performance and accountability report - Senate Bill No. 2041 requires the University System to provide a performance and accountability report. Section 19 of Senate Bill No. 2003 provides accountability measures to be included in the report.