

**North Dakota University System
Senate Bill No. 2003**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)		\$0	\$0	\$0
2001-03 legislative appropriations		31,567,243		31,567,243
Legislative increase (decrease) to executive budget	0.00	\$31,567,243	\$0	\$31,567,243
Legislative increase (decrease) to 1999-2001 appropriations		\$31,567,243	\$0	\$31,567,243
2001-03 Governor Hoeven's recommendation		\$0	\$0	\$0
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$31,567,243	\$0	\$31,567,243

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Transferred funding from the board office to a systemwide pools subdivision, including \$19,445,765 for an equity and special needs pool and \$28,238,419 for a technology pool		\$47,684,184		\$47,684,184
Reallocated funding to each institution from the equity and special needs funding pool for the compensation package		(13,256,941)		(13,256,941)
Reallocated funding to various institutions from the equity and special needs funding pool to fund campus initiatives		(1,000,000)		(1,000,000)
Decreased funding for the equity and special needs pool		(560,000)		(560,000)
Decreased funding for the technology pool by removing funding of \$935,100 provided for on-line course management and \$364,900 provided for connecting Interactive Video Network (IVN) to all state agencies		(1,300,000)		(1,300,000)
Total	0.00	\$31,567,243	\$0	\$31,567,243

Equity and Special Needs Pool

The Legislative Assembly transferred \$19,445,765 of funding from the general fund from the North Dakota University System office to an equity and special needs pool in a systemwide pool subdivision to be allocated by the State Board of Higher Education, based on the provisions of Section 13 of Senate Bill No. 2003. In addition, the Legislative Assembly reallocated funding of \$14,256,941 from the equity and special needs funding pool to higher education institutions for the compensation package (\$13,256,941) and for campus initiatives (\$1,000,000) and decreased funding for the equity and special needs pool by \$560,000, for a total equity and special needs pool of \$4,628,824. The \$4,628,824 is \$338,696 more than the equity and special needs pool appropriated for the 1999-2001 biennium of \$4,290,128. 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.

Technology Pool

The Legislative Assembly transferred \$28,238,419 of funding from the general fund from the North Dakota University System office to a technology pool in a systemwide pool subdivision to be allocated by the State Board of Higher Education, based on the provisions of Section 12 of Senate Bill No. 2003. In addition, the Legislative Assembly decreased funding for the technology pool by removing \$935,100 provided for on-line course management and \$364,900 provided for connecting IVN to all state agencies, for a total technology pool of \$26,938,419. The \$26,938,419 is \$1,300,000 less than the executive recommendation of \$28,238,419 and \$4,989,952 more than the technology pool appropriated for the 1999-2001 biennium of \$21,948,467. 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, and base funding for higher education computer network computer center (HECN) operations, and for IVN, and for On-line Dakota Information Network (ODIN) operations. The following schedule presents the technology pool funding contained in the 2001-03 executive recommendation and the 2001-03 legislative appropriations:

	2001-03 Executive Recommendation	2001-03 Legislative Appropriation	Increase (Decrease)
Base funding for IVN, ODIN, and HECN operations	\$22,225,925	\$22,225,925	
University System equipment	217,020	217,020	
University System increased technology and network costs	1,200,000	1,200,000	
University System costs associated with the implementation of the statewide information technology network	4,595,474	3,295,474	(\$1,300,000)
Total	\$28,238,419	\$26,938,419	(\$1,300,000)

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Sections 3 and 24 of Senate Bill No. 2003, to appropriate on a continuing basis (through June 30, 2003) all other funds received by the institutions of higher education during the 2001-03 biennium. Consequently, the legislative appropriations for all institutions of higher education do not include a specific appropriation of other funds. Section 24 of Senate Bill No. 2003, which was added by the Legislative Assembly, was originally a provision of Senate Bill No. 2037 and a recommendation from the 1999-2000 interim Higher Education Committee.

Capital Improvements

The following schedule presents the higher education capital improvement funding contained in the 2001-03 executive recommendation and appropriations made by the Legislative Assembly for the 2001-03 biennium:

Entity/Project	2001-03 Executive Recommendation		2001-03 Legislative Appropriations	
	General Fund	Special Funds	General Fund	Special Funds
University System office				
Capital projects contingency	\$344,309		\$344,309	
Total	\$344,309	\$0	\$344,309	\$0
Bismarck State College				
Schafer Hall renovation			\$596,000	
Extraordinary repairs	\$250,000		250,000	
Total	\$250,000	\$0	\$846,000	\$0
Lake Region State College				
Main building renovation				\$325,000
Extraordinary repairs	\$74,831		\$74,831	
Total	\$74,831	\$0	\$74,831	\$325,000
Williston State College				
Extraordinary repairs	\$88,790		\$88,790	
Total	\$88,790	\$0	\$88,790	\$0
University of North Dakota				
Carnegie Library renovation		\$3,000,000		\$3,000,000
Smith Hall - Johnstone Hall - Fulton Hall renovation		2,650,000		2,650,000
Wilkerson Hall loading dock		1,700,000		1,700,000
Rural technology center		3,800,000		3,800,000
Rural technology center canopy		60,000		60,000
Memorial Student Union renovation				3,500,000
Energy improvement projects		3,990,785		3,990,785
Extraordinary repairs	\$2,362,136		\$2,362,136	
Total	\$2,362,136	\$15,200,785	\$2,362,136	\$18,700,785
North Dakota State University				
College of Business Administration classroom		\$20,000,000		\$20,000,000
Robinson Hall renovation		550,820		560,000
Sudro Hall renovation		1,200,000		1,200,000
Minard Hall renovation				3,000,000
New student residence hall				8,000,000
New student apartment housing				2,310,000
Energy improvement projects		296,348		296,348
Extraordinary repairs	\$1,737,531		\$1,737,531	
Total	\$1,737,531	\$22,047,168	\$1,737,531	\$35,366,348

State College of Science				
Electrical distribution system, roof replacement, and steamline replacement	\$2,110,000		\$2,110,000	
Parking lot renovations		\$1,000,000		\$1,000,000
Student Union renovation and expansion				3,300,000
Blikre Activities Center renovation and expansion				531,720
Skills and Technology Training Center renovation				385,000
Extraordinary repairs	773,500		773,500	
Total	<u>\$2,883,500</u>	<u>\$1,000,000</u>	<u>\$2,883,500</u>	<u>\$5,216,720</u>
Dickinson State University				
Whitney Stadium renovation				\$4,000,000
Extraordinary repairs	393,962		393,962	
Total	<u>\$393,962</u>	<u>\$0</u>	<u>\$393,962</u>	<u>\$4,000,000</u>
Mayville State University				
Steamline replacement	\$510,000		\$510,000	
Lewy Lee Fieldhouse renovation				\$4,000,000
Extraordinary repairs	214,589		214,589	
Total	<u>\$724,589</u>	<u>\$0</u>	<u>\$724,589</u>	<u>\$4,000,000</u>
Minot State University				
Old Main renovation		\$7,850,000		\$7,850,000
Extraordinary repairs	412,850		612,850	
Total	<u>\$412,850</u>	<u>\$7,850,000</u>	<u>\$612,850</u>	<u>\$7,850,000</u>
Valley City State University				
Boiler and steamline replacement	\$850,000		\$850,000	
Extraordinary repairs	265,334		265,334	
Total	<u>\$1,115,334</u>	<u>\$0</u>	<u>\$1,115,334</u>	<u>\$0</u>
MSU-Bottineau				
Thatcher Hall electrical system upgrade	\$75,000		\$75,000	
Extraordinary repairs	112,663		112,663	
Total	<u>\$187,663</u>	<u>\$0</u>	<u>\$187,663</u>	<u>\$0</u>
Forest Service				
Tree storage building (Towner nursery)		\$120,000		\$120,000
Equipment storage building (Lisbon)		20,000		20,000
Extraordinary repairs	31,061		31,061	
Total	<u>\$31,061</u>	<u>\$140,000</u>	<u>\$31,061</u>	<u>\$140,000</u>
Total Higher Education	<u>\$10,606,556</u>	<u>\$46,237,953</u>	<u>\$11,402,556</u>	<u>\$75,598,853</u>

Other Sections in Bill

Unspent 1999-2001 appropriation authority - Section 8 provides that unspent 1999-2001 appropriation authority of the University System may be spent during the 2001-03 biennium.

FTE positions - Section 9 provides the State Board of Higher Education with the authority to adjust FTE positions as needed, subject to the availability of funds, for institutions of higher education. The University System is to report any adjustments to the Office of Management and Budget prior to the submission of the 2003-05 budget request. The number of FTE positions for the North Dakota University System office may not be increased above the level employed as of April 28, 2001.

Pool allocations - Sections 12 and 13 provide the guidelines for the State Board of Higher Education to follow when making allocations from the equity and special needs pool and the technology pool.

Enrollment management plan - Section 15 provides that the State Board of Higher Education establish a long-term enrollment management plan and procedures for implementation of the plan. The board is to report to the legislative council during the 2001-02 interim on the progress made toward establishing a long-term enrollment management plan and related implementation procedures and provide the final report to the 2003 Legislative Assembly.

Alternative heating sources - Section 16 encourages higher education institutions to explore the possible use of alternative heating sources, including the use of North Dakota coal.

Legislative Council studies - Section 17 provides for a Legislative Council study of the responsibilities and the functions of the College Technical Education Council and the implementation of the work force training regions, including how the regions are functioning, and Section 18 provides for a Legislative Council study of the State Board of Higher Education's implementation of the performance and accountability measures report required by Senate Bill No. 2041.

Higher education accountability measures - Section 19 provides accountability measures to be included in the State Board of Higher Education's performance and accountability report as required by Senate Bill No. 2041.

Other income continuing appropriation - Section 24 amends North Dakota Century Code (NDCC) Section 15-10-12 to provide a continuing appropriation of higher education institutions' special revenue funds including tuition (effective through June 30, 2003).

Budget requests and budget estimates - Section 25 amends NDCC Section 54-44.1-04 to require budget requests for the University System to include budget estimates for block grants for a base-funding component and for an initiative-funding component and a budget estimate for an asset-funding component (effective through June 30, 2003).

University System appropriation - Section 26 amends subsection 7 of NDCC Section 54-44.1-06 to require the appropriation for the University System to include block grants to the State Board of Higher Education for a base-funding appropriation and for an initiative-funding appropriation and an appropriation for asset-funding (effective through June 30, 2003).

Appropriation authority - Section 27 amends NDCC Section 54-44.1-11 to allow higher education institutions to continue unspent general fund appropriations into the next biennium (effective through June 30, 2003).

University of North Dakota winter sports facility maintenance fund - Section 30 repeals Section 22 of Chapter 37 of the 1999 Session Laws that required the University of North Dakota to establish a winter sports facility maintenance fund.

Related Legislation

Campus improvements and building maintenance projects - Senate Bill No. 2039 allows the State Board of Higher Education to authorize campus improvements and building maintenance projects that are financed by donations, gifts, grants, and bequests if the cost of the improvement or maintenance is not more than \$385,000.

University System performance and accountability report - Senate Bill No. 2041 recognizes the institutions of higher education under the control of the State Board of Higher Education as the North Dakota University System and requires the University System to develop a strategic plan that defines University System goals and objectives and to provide a performance and accountability report.

Higher education statutory responsibilities - Senate Bill No. 2042 removes language regarding the powers of the State Board of Higher Education and duties and responsibilities of higher education institutions, which are no longer considered necessary.

Student residency standards - Senate Bill No. 2136 revised the definition of “resident student” for tuition purposes to include an individual who has owned or whose parent has owned real property in the state at least one year before the beginning of the academic term.

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

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	19.00	\$74,048,686	\$3,716,822	\$77,765,508
2001-03 legislative appropriations	20.00	26,878,595	3,716,822	30,595,417
Legislative increase (decrease) to executive budget	1.00	(\$47,170,091)	\$0	(\$47,170,091)
Legislative increase (decrease) to 1999-2001 appropriations	0.00	\$15,105,307	(\$1,217,078)	\$13,888,229
2001-03 Governor Hoeven's recommendation	19.00	\$75,407,586	\$3,716,822	\$79,124,408
Legislative increase (decrease) to Governor Hoeven's recommendation	1.00	(\$48,528,991)	\$0	(\$48,528,991)

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation increased the Schafer recommendation from the general fund by \$1,358,900 providing an increase of \$528,900 for competitive research and \$830,000 for education incentive programs, including teacher retraining, loan repayment programs, and technology training.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the North Dakota University System office is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015.

The Legislative Assembly provided the legal counsel position a market equity salary increase of \$623.08 per month and the human resource director a market equity salary increase of \$161.92 per month, both of which are effective January 1, 2002.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Transferred funding from the board office to the systemwide pools subdivision		(\$47,684,184)		(\$47,684,184)
Reallocated funding from the equity and special needs funding pool for the compensation package		98,184		98,184
Adjusted funding to provide the legal counsel and the human resource director a market equity salary increase (the amount included in the executive recommendation was \$2,991 more than the required amount)		(2,991)		(2,991)

Increased funding for student financial assistance grants to provide a total of \$4,223,031		135,000		135,000
Added funding for competitive research to provide a total of \$4 million		528,900		528,900
Reallocated funding from the board initiatives funding pool to various institutions		(1,000,000)		(1,000,000)
Decreased funding for the board initiatives funding pool to \$1,370,797		(75,000)		(75,000)
Provided funding for education incentive programs		830,000		830,000
Authorized 1 additional FTE position which was not included in the executive recommendation but was added by the University System office during the 1999-2001 biennium pursuant to Section 6 of 1999 House Bill No. 1003 - The Legislative Assembly authorized the level of FTE positions employed as of April 28, 2001, which was 20 FTE positions	1.00			
Total	<u>1.00</u>	<u>(\$47,170,091)</u>	<u>\$0</u>	<u>(\$47,170,091)</u>

FTE Changes

The Legislative Assembly changed the executive recommendation which included funding for 19 FTE positions as reflected above. Pursuant to Section 9 of Senate Bill No. 2003, the number of FTE positions for the North Dakota University System office may not be increased above the level employed as of April 28, 2001.

Budget Line Items

The Legislative Assembly did not adopt the executive recommendation to consolidate the North Dakota University System office budget from 18 line items to five--system governance, student grant programs, campus-based programs, contingencies and board initiatives, and capital bond payments.

Student Financial Assistance Grants

The Legislative Assembly provided \$4,223,031 for student financial assistance grants. Of the \$4,223,031, \$2,670,881 is from the general fund, \$1,338,150 is from other funds including revenues from the Minnesota reciprocal agreement, and \$214,000 is from federal funds. The \$4,223,031 is \$135,000 more than the executive recommendation of \$4,088,031, of which \$2,535,881 was from the general fund, \$1,338,150 was from other funds including revenues from the Minnesota reciprocal agreement, and \$214,000 was from federal funds. The \$135,000 increase is due to legislative action to provide additional funding from the general fund for the program. The \$4,223,031 is \$227,250 less than the 1999-2001 appropriation of \$4,450,281, of which \$1,735,881 was from the general fund, \$2,574,400 was from other funds including revenues from the Minnesota reciprocal agreement, and \$140,000 was from federal funds. The \$4,223,031 will provide approximately 2,600 grants of \$600 per year, the same level of grants provided in 1999-2001. To qualify, a student must be a resident undergraduate student who has graduated from a North Dakota high school and is attending a qualified postsecondary institution in North Dakota. The award of grants is based on student need. Section 10 of Senate Bill No. 2003 provides that the funds appropriated for student financial assistance grants must be allocated not less than 20 percent to students at private institutions with the remaining funds allocated to students at public and Native American institutions.

Professional Student Exchange Program

The Legislative Assembly did not change the executive recommendation to provide \$1,560,716 from the general fund for the professional student exchange program. The \$1,560,716 is \$250,000 more than the 1999-2001 appropriation of \$1,310,716. The \$1,560,716 of general fund moneys plus anticipated carryover funding of \$112,000 will provide for the following new student slots:

	1999-2000	2000-01	2001-02	2002-03
Veterinary medicine	5	7	6	6
Dentistry	1	2	4	4
Optometry	8	10	6	6

Disabled Student Services

The Legislative Assembly did not change the executive recommendation to provide \$51,560 from the general fund for disabled student services, an increase of \$25,000 from the 1999-2001 appropriation of \$26,560. This amount is appropriated to the North Dakota University System office to be distributed to the campuses based on board approval of specific requests.

Contingency and Capital Improvements Emergency Fund

The Legislative Assembly did not change the executive recommendation to provide \$344,309 from the general fund for contingencies and capital improvement emergencies, a decrease of \$53,691 from the 1999-2001 appropriation of \$398,000.

Scholars Program

The Legislative Assembly did not change the executive recommendation to provide \$770,730 from the general fund for the scholars program. The \$770,730 is \$64,500 more than the 1999-2001 appropriation of \$706,230, of which \$520,730 was from the general fund and \$185,500 was from other funds including revenue from the Minnesota reciprocal agreement. Due to a decrease in the amount of funds to be received from the Minnesota reciprocal agreement, the scholars program will be fully funded from the general fund for the 2001-03 biennium. The funding is expected to be sufficient to provide 50 new freshmen awards in each year of the 2001-03 biennium, an increase of approximately 30 new freshmen awards from the number provided in the 1999-2001 biennium.

Native American Scholarships

The Legislative Assembly did not change the executive recommendation to provide \$204,082 from the general fund for Native American scholarships, the same level of funding as provided in the 1999-2001 biennium. The \$204,082 will provide approximately 145 grants of \$700 per student for each year of the biennium.

Competitive Research Program

The Legislative Assembly provided \$4 million from the general fund for the competitive research program. The \$4,000,000 is \$528,900 more than the Schafer executive recommendation of \$3,471,100 and \$2,028,900 more than the 1999-2001 appropriation of \$1,971,100. The \$528,900 increase is due to a recommendation made in the Hoeven executive budget.

Board Initiatives

The Legislative Assembly provided \$1,370,797 from the general fund for board initiatives. The \$1,370,797 is \$1,075,000 less than the executive recommendation of \$2,445,797 and \$925,203 less than the 1999-2001 appropriation of \$2,296,000, of which \$796,000 was from the general fund and \$1,500,000 was from other funds including planned savings for the service, access, growth, and empowerment (SAGE) project. The \$1,075,000 decrease from the executive recommendation is due to \$1,000,000 of the funds being reallocated to various institutions for campus initiatives and a \$75,000 general fund reduction.

Capital Construction Lease Payments

The Legislative Assembly did not change the executive recommendation to provide \$12,730,841, of which \$11,261,502 is from the general fund and \$1,469,339 is from special and federal funds, for capital construction lease payments. The funding for the capital construction lease payments relates to bonds issued by the

North Dakota Building Authority for building projects authorized by the Legislative Assembly. Previously, the general fund appropriation for capital construction lease payments was provided to the Industrial Commission.

Education Incentive Programs

The Legislative Assembly provided \$830,000 from the general fund for education incentive programs. The funding was not included in the Schafer executive recommendation and was recommended in the Hoeven executive budget. Section 11 of Senate Bill No. 2003 provides that of the education incentive program funding provided, \$60,000 is to provide incentives to encourage additional doctoral graduates in North Dakota, \$370,000 is for teacher retraining scholarships and a teacher student loan forgiveness program, and \$400,000 is for a technology occupations student loan program authorized in House Bill No. 1283. Section 30 of Senate Bill No. 2003 repeals Section 2 of House Bill No. 1283 and Section 2 of House Bill No. 1444, which provide legislative intent regarding funding for a technology occupations student loan program and a student loan forgiveness program.

Prairie Public Broadcasting

The Legislative Assembly did not change the executive recommendation to move funding for Prairie Public Broadcasting of \$1,407,513 from the North Dakota University System office to the budget for the Information Technology Department.