

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

	FTE Positions	General Fund	Other Funds	Total
2001-03 Schafer Executive Budget	19.00	\$74,048,686	\$3,716,822	\$77,765,508
1999-2001 Legislative Appropriations	<u>19.00¹</u>	<u>11,773,288</u>	<u>4,933,900</u>	<u>16,707,188²</u>
Increase (Decrease)	<u>0.00</u>	<u>\$62,275,398</u>	<u>(\$1,217,078)</u>	<u>\$61,058,320</u>
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2001-03 Hoeven Executive Budget	<u>19.00</u>	<u>\$75,407,586</u>	<u>\$3,716,822</u>	<u>\$79,124,408</u>
Hoeven Increase (Decrease) to Schafer	<u>0.00</u>	<u>\$1,358,900</u>	<u>\$0</u>	<u>\$1,358,900</u>

¹ The 1999-2001 appropriation is based on 18.50 FTE positions. Section 6 of 1999 House Bill No. 1003 authorized the University System to adjust FTE positions as needed. The 19 FTE positions shown above represent the employee positions reported to the Office of Management and Budget (OMB).

² 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 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. The 1999-2001 appropriation amounts do not reflect \$1,381,291 of other adjustments and 1997-99 carryover authority.

Major Schafer Recommendations Affecting North Dakota University System Office 2001-03 Budget

	General Fund	Other Funds	Total
1. Consolidates the University System budget from 18 line items to five--system governance, student grant programs, campus-based programs, contingencies and board initiatives, and capital bond payments.			
2. Provides for the following changes in the system governance line item, which includes salaries and wages, operating, equipment, state approving agency, and technical administration:			
a. Includes a salary market equity increase of \$623 per month for legal counsel and \$162 per month for the human resource director effective January 1, 2002 (the amount included in the budget is \$2,991 more than the required amount of \$16,499). (The Senate reduced funding for salary market equity increases by \$2,991.)	\$19,490		\$19,490
b. Increases funding for University System dues.	\$46,000		\$46,000
3. Provides for the following changes in the student grant programs line item, which includes funding for the state grant program, professional student exchange program, scholars program, and Indian scholarship program: (The Senate increased funding for student grant programs by \$370,000.)			
a. Decreases funding for the state grant program from \$4,450,281 to \$4,088,031, including an other funds reduction of \$1,376,250 to account for an anticipated decrease in revenue received from the Minnesota reciprocity agreement.	\$800,000	(\$1,162,250)	(\$362,250)
b. Increases funding for the professional student exchange program from \$1,310,716 to \$1,560,716.	\$250,000		\$250,000
c. Increases funding for the scholars program from \$706,230 to \$770,730, including an other funds reduction of \$185,500 to account for an anticipated decrease in revenue received from the Minnesota reciprocity agreement.	\$250,000	(\$185,500)	\$64,500

4. Provides for the following changes in the campus-based programs line item, which includes an equity and special needs pool, a technology pool, and funding for the Interactive Video Network (IVN), On-line Dakota Information Network (ODIN), Higher Education Computer Network (HECN), information technology management, disabled student services, competitive research, and Title II: (The Senate increased funding for campus-based programs by a net amount of \$168,900 consisting of a \$528,900 increase for competitive research which increased the funding for competitive research to the level recommended in the Hoeven executive budget and a \$360,000 decrease in funding which decreased both the Schafer and Hoeven executive budgets for campus-based programs.)			
a. Provides an equity and special needs pool for critical needs in campus operations (\$2.5 million), one-time funding for innovation initiatives (\$2.5 million), equity salary adjustments (\$1,069,596), recommended compensation plan salary increases (\$13,261,034), and other equity and special needs (\$115,135).	\$19,445,765		\$19,445,765
b. Provides a technology pool for University System equipment (\$217,020), increased system technology and network costs (\$1,200,000), and costs associated with the implementation of the statewide information technology network (\$4,595,474).	\$6,012,494		\$6,012,494
c. Provides funding for the Interactive Video Network, On-line Dakota Information Network, and Higher Education Computer Network from the budgets of the University of North Dakota and North Dakota State University for the State Board of Higher Education to allocate to campuses.	\$22,225,925		\$22,225,925
d. Increases matching funds for competitive research from \$1,971,100 to \$3,471,100. (See comments in No. 4 above.)	\$1,500,000		\$1,500,000
e. Increases funding for disabled student services from \$26,560 to \$51,560.	\$25,000		\$25,000
5. Provides for the following change in the contingencies and board initiatives line item which includes contingency and capital improvement funding and board initiatives: (The Senate reduced funding for contingencies and board initiatives by \$180,000.)			
a. Provides University System board initiative funding of \$2,445,797.	\$625,000		\$625,000
6. Adds funding for capital construction lease payments, previously funded in the Industrial Commission budget.	\$11,261,502	\$1,469,339	\$12,730,841
7. Transfers funding for Prairie Public Broadcasting from the University System's budget to the Information Technology Department's budget.	(\$1,407,513)		(\$1,407,513)

**Major Hoeven Recommendations Affecting North Dakota University System Office 2001-03 Budget
Compared to the Bill as Introduced (Schafer Budget)**

	General Fund	Other Funds	Total
1. Increases funding for competitive research from \$3,471,100 to \$4 million. (The Senate increased funding for competitive research as recommended in the Hoeven executive budget.)	\$528,900		\$528,900
2. Adds funding for education incentive programs including teacher retraining, loan payoffs, and technology training. (The Senate increased funding by \$370,000 for student grant programs; however, the Senate did not target the funding for education incentive programs.)	\$830,000		\$830,000

Major Legislation Affecting the North Dakota University System Office

Section 11 of Engrossed Senate Bill No. 2003 provides legislative intent relating to the content of the State Board of Higher Education's performance and accountability report required by Senate Bill No. 2041.

Section 13 of Engrossed Senate Bill No. 2003 provides a continuing appropriation of higher education institutions' special revenue funds including tuition (originally a provision in Senate Bill No. 2037).

Section 14 of Engrossed Senate Bill No. 2003 requires 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 (originally a provision in Senate Bill No. 2038).

Section 15 of Engrossed Senate Bill No. 2003 requires 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 (originally a provision in Senate Bill No. 2038).

Section 16 of Engrossed Senate Bill No. 2003 allows institutions to carry over at the end of the biennium unspent general fund appropriations (originally a provision in Senate Bill No. 2037).

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 \$250,000. (This bill has been passed by the Senate.)

Senate Bill No. 2040 allows higher education institutions to provide bonuses, cash incentive awards, and temporary salary adjustments to employees without reporting the activity as a fiscal irregularity. (This bill has been passed by the Senate.)

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. (This bill has been passed by the Senate.)

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. (This bill has been passed by the Senate.)

Senate Bill No. 2136 revises 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. (This bill has been passed by the Senate.)

Summary of Legislative Changes Resulting From First House Action

See Statement of Purpose of Amendment (attached).